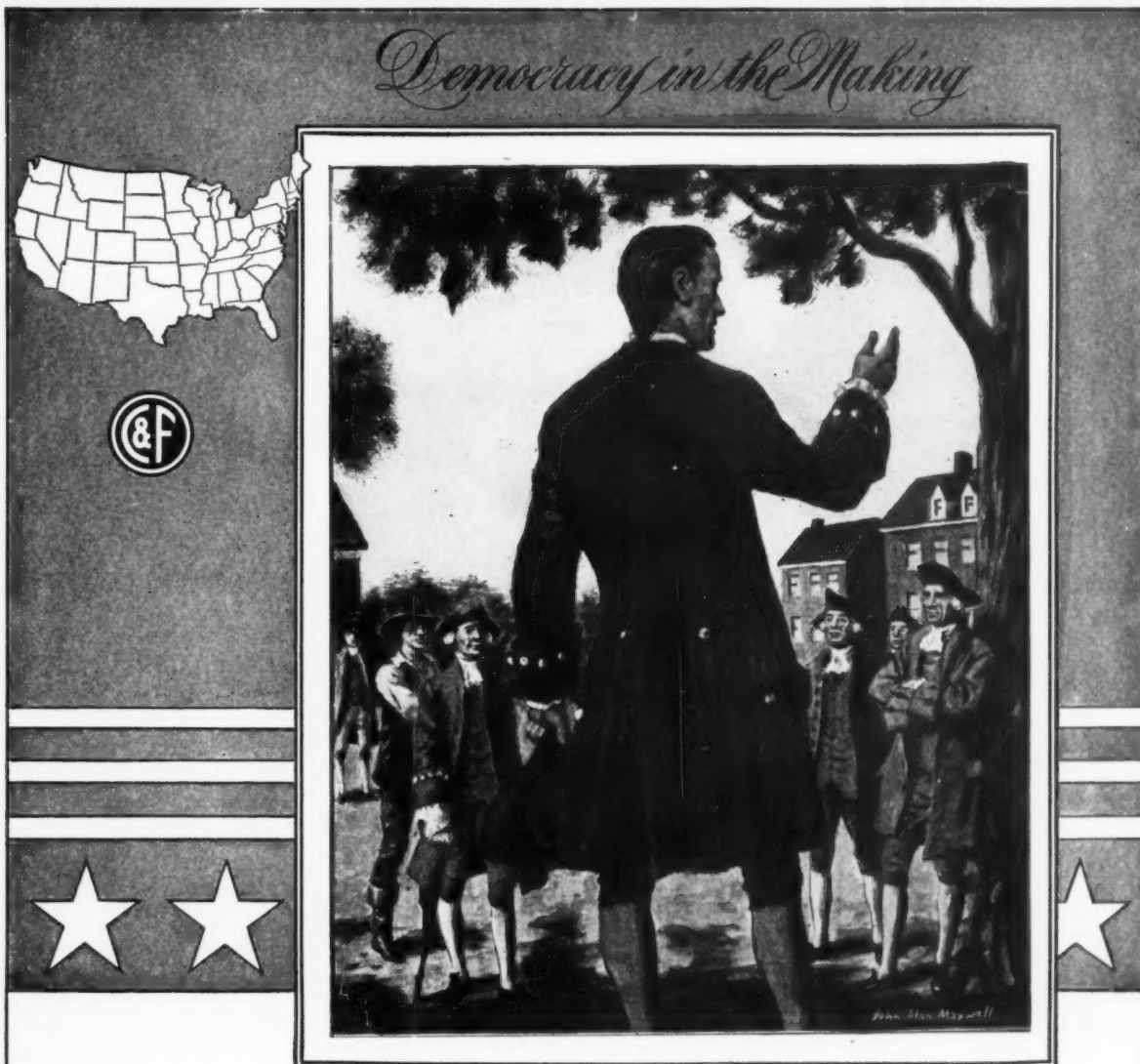


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ILLINOIS AGENTS CONVENTION

THURSDAY, NOVEMBER 16, 1950



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**Annual Meeting at
Hartford Opens Amid
Feelings of Optimism**

By **THOMAS J. GARTLAND**

HARTFORD—Philip Bliss of Middletown was elected president of Connecticut Assn. of Insurance Agents at the annual convention here. He succeeds Paul L. Avery of Granby. F. Chandler Moffatt, Westport, was named vice-president and Edgar H. Clarke, Manchester, secretary-treasurer. William W. Hatfield, Bridgeport, a past president of the association, was elected state national director, and William H. Wiley was reelected executive secretary.

Glowing optimism pervaded the first day's meeting. Two members of the association, Daniel Miller of Stamford and Lester Shea of Willimantic, were elected to the state house of representatives last week. Commissioner W. Ellery Allyn, who is president of National Assn. of Insurance Commissioners, is expected to retain his state post under incoming Gov. John Lodge.

Membership Reaches 810

In his presidential address, Mr. Avery lent further brightness to the picture by reporting that financially the past year had been a good one for the association and that membership has reached 810, a new record.

Reporting on association committee activities, Mr. Avery stated that Mr. Shea, chairman of the legislative committee, had met with the state legislative council's sub-committee on compulsory automobile insurance. The general feeling at the meeting, he said, seemed to favor a strong financial responsibility law. "Although the automobile dealers' representative had suggested some alternative experience rating plan which was discriminatory and unworkable we believe that the sub-committee as a whole was in favor of a strong law," he commented. Since that time a model law has been prepared by company attorneys and submitted to the legislative council for study. Mr. Avery expressed hope that the bill would be passed during the legislature's next session.

A great deal of good business was saved by the anti-coercion bill which was passed this year, Mr. Avery said. There has been a noticeable decrease in pressure which automobile dealers had brought to bear on their customers to secure insurance rights on financed cars.

All-Industry Group Active

An all-industry committee on agent qualification headed by John Hansen of Bridgeport has been working with the insurance department, Mr. Avery stated. Examinations are being made stiffer and questions put to prospective agents are being changed in type and content. The raising of standards for agent qualification is a distinct step forward, he commented. In closing, Mr. Avery termed fire insurance deductibles and extended coverage No. 5 the most crucial problems of the day.

"If doctors become wards of the state, we agents will be next in line," Mr. Hatfield, chairman of the socialized

Peter Merialdo Is Nev. Commissioner

Peter Merialdo, the Republican candidate, was elected state controller and ex-officio insurance commissioner of Nevada. He defeated Jerry Donovan, the Democratic incumbent. Mr. Merialdo was born at Eureka, Nev., in 1899 and is a local agent there. He has been county recorder and auditor since 1922. Members of Nevada Assn. of Insurance Agents, of which he is a member, were very active in promoting his cause.

medicine committee, asserted. He urged agents to help medical societies in their drive against socialization of medicine even though the serious international crisis has reduced the likelihood of such proposals becoming an actuality at this time. Mr. Hatfield reported that his committee had gathered considerable data for a disability income bill which embodies the good points of existing laws. Although it follows New York's law quite closely, he said, benefits would extend 26 weeks instead of 13.

Three speakers addressed the group at the afternoon session. These were: John F. Neville, executive secretary, N.A.I.A.; Roger Kenney, insurance editor U. S. Investor, and Robert E. Farrer, director of training National Fire.

Gives Education as Answer

In urging strong support of local and state associations, Mr. Neville stated that competition will become more keen in the near future and most business will gradually go to the best qualified agents. Should trade associations cease to exist, the federal government would step in and attempt to perform the same functions, he warned.

Agents must perform a three-way education plan to include themselves, their employes and the public, he said. Educating the public is the most difficult task, he added. It must, however, be accomplished to stave off the tremendous growth of direct selling and self-insurance philosophies which would eliminate the local agency system. These threats can only be met by positive dynamic action through mutual cooperation, he added.

Mr. Kenney appealed for concentrated action between fire and casualty rating organizations so that single multiple line policies could be issued with ease. He suggested that some compromise should be worked out to prevent possible state control of rating.

In referring specifically to fire insurance, Mr. Kenney stated that the strong argument against deductibles is their effect on premium income, especially on residence lines. Deductibles invite self-insurance, he declared. Because there is no statistical foundation to substantiate deductibles, they should be based on size and frequency of losses, he added.

Know More People

Building agency prestige was discussed by Mr. Farrer. Know your community, he urged. Make yourself liked personally and professionally because satisfied clients help sell your agency without your having to pay them a sales commission, he commented. A poll conducted among the agents present revealed that many of them knew only a small percentage of the people in their areas. Mr. Farrer drew attention to the vast untapped sales potential that these prospective clients represent. A cocktail party and banquet climaxed the day's activities.

Joseph Murdy, president of Connecticut Field Club; Roberta L. White, president of the Hartford Assn. of Insurance Women; David M. Katz, president of Insurance Board of Hartford,

Pingree Acting Vt. Commissioner

MONTPELIER—Albert D. Pingree, deputy commissioner of insurance, Monday was appointed acting commissioner of banking and insurance in Vermont to fill the vacancy left by the resignation of Donald A. Hemenway. The latter departed Wednesday to become vice-president and agency director of Postal Life & Casualty of Kansas City, Gov. Arthur made the appointment of Mr. Pingree which probably will hold until Governor-Elect Lee Emerson takes office in January.

Public Adjusters Not Needed on Fla. Losses, Agents State

The executive committee of Greater Miami Insurance Board has issued a statement through local newspapers saying that "employment of a public adjuster is not necessary in any instance" in the settlement of claims arising from the recent Florida hurricane.

The statement was evidently the result of numerous complaints of allegedly inequitable or hurried settlements. The board explained to the public that in a catastrophe of this kind, it is necessary to give preference to emergency and urgent cases, but that every claim will be equitably adjusted. Walter I. Stevenson, board president, pointed out in a newspaper interview that there are not enough adjusters in the territory to cover the claims, which may total 50,000. Adjusters have come in from different parts of the south, especially from Texas where they are familiar with windstorm damage. He pointed out that none of the adjusters representing the companies charge a fee to the insured.

Insurer Groups to Testify on Excess Profits Tax

WASHINGTON—The House ways and means committee reports Ray Murphy, counsel Assn. of Casualty & Surety Companies, and representatives of American Life Convention, Life Insurance Assn. of America, and National Board are scheduled to testify on excess profits taxation Nov. 18. However, A.L.C. and L.I.A. representatives, it is understood, will await presentation of Treasury proposals and committee ideas before deciding definitely whether or not to testify.

Cover "Cool Million" in Okla.

An all-risk policy was written by Home on a display sponsored by Liberty National Bank of Oklahoma City at the Oklahoma State Fair. The major factor in the display was a commercial refrigerator that contained exactly \$1 million in cash, and was heralded as a "cool million." The policy was written by Walter Thornton agency of Oklahoma City.

Confer with Ohio Adjusters

Ben Butler, general manager, and Dale Stentz, executive supervisor of Western Adjustment, held an all-day conference with the Ohio organization at Columbus, Saturday. About 70 were in attendance.

and Cyril Coleman, mayor of Hartford, joined in extending greeting to association members. Deputy Commissioner Garvin represented Commissioner Allyn who was unable to attend.

George "Birdie" Tebbetts, catcher for the Boston Red Sox and general agent at Nashua, N. H., was principal speaker at the banquet. He related some amusing incidents involving his team.

N.A.I.C. Committee Ponders North Am. Catastrophe Plan

**Harrington Group Also
Goes into Escott Plan
Questions**

The rates and rating organizations committee of N.A.I.C. Wednesday started a two-day hearing at Chicago on the proposed catastrophe coverage rating plan of North America, on the matter of appointing a sub-committee to study expense data on multiple location rating factors, and on the proposed rating plan revision dated Nov. 8, to the Escott plan. Harrington of Massachusetts is the vice-chairman and acting chairman.

North America contends that its catastrophe plan should be exempted from state filing requirements. The deductible which is on a per occurrence basis, must be at least \$100,000 and if less than \$500,000, not less than an amount in excess of the maximum loss reasonably to be expected after considering the loss history, construction, occupancy and protection of the properties.

Tells Rating Basis

The premium would be based on underwriting judgment as applied to a number of factors. For instance, for non-hazardous risk, the factors would be between \$5 and \$15 per \$100,000; for low hazard, the charge would range from \$15 to \$40; "moderate" from \$40 to \$100; high hazard, \$100 to \$200 and severe hazard \$100 to \$300.

Depending on the limit of liability, the premium would be reduced or increased as much as 50%. If the limit of liability is greater than the difference between the maximum catastrophe loss anticipated and the initial net loss, the premium is increased. If the opposite is true, the premium is decreased.

North America states that rates must be based on judgment flexible enough to meet circumstances in each case.

North America states that catastrophe covers are needed by large property owners who now either are complete self-insurers or who place the catastrophe risk abroad.

North America states that this plan is comparable to reinsurance and apparently North America would prefer to have it classed as reinsurance and thus be completely beyond the scope of rating laws.

North America states that rates produced by application of standard procedure would be greatly excessive and unfairly discriminatory. The minimum premium for a catastrophe cover policy would be \$2,500.

Display Honors U.N.

NEW YORK—Every member of the United Nations from Afghanistan to Yugoslavia is the subject of an etching on display in the street windows of American International Underwriters, 102 Maiden Lane. Each drawing depicts a typical national occupation of each country. Etchings of a Norwegian seaman, a Belgian laceworker and a Danish vendor are outstanding. Also featured is a battle map of Korea accompanied by photographs of United Nations generals who are leading troops in the Far East.

T. L. Kane Insurance Chief of Department of Defense

**Former Insurance Journal
Executive Is Named
to New Post**

WASHINGTON—The long projected consolidation, unification, merger, coordination, or what have you, of defense department activities with respect to insurance has at last been acted upon by Secretary of Defense Marshall by appointing Thomas L. Kane, former president of the Spectator Co. and later president of Iron Age, Chilton Co. publication, as director of insurance.

This new post was established "to provide under one authority, subject to

the policies of the Department of Defense, efficient and economical control of insurance expenditures paid for directly or indirectly by the department of defense incident to material procurement," an official announcement said.

Mr. Kane will work directly under the chairman of the munitions board and "will be concerned primarily with property and casualty insurance matters of a staff rather than of an operational nature," the statement said.

"The chief of the insurance division in each of the military departments will continue to be responsible for the administration of insurance matters for his department."

The several insurance divisions or sections in the department will retain their identity. They are the contract insurance section, the navy's insurance section, the army engineers' insurance section, the air force insurance office at Wright field at Dayton.

The announcement stated that Mr. Kane has a background of 13 years as president of the Spectator Co., publishers of the Spectator. He also was vice-president of the Chilton Company, publishers of Iron Age, Spectator and other business magazines.

The functions of the director of insurance as specified by the Secretary

(CONTINUED ON PAGE 38)



**American Equitable Assurance Company
of New York**

Organized 1918

Globe & Republic Insurance Company of America

Established 1862

**Merchants and Manufacturers Insurance Company
of New York**

Organized 1849

New York Fire Insurance Company

Incorporated 1833



Corroon & Reynolds, Inc.

MANAGER

92 William Street, New York 7, N. Y.

Losses paid exceed Three Hundred Fifty Million Dollars

New National Buyers Group

A new insurance buyers association has been organized on a national scale, with temporary headquarters at 79 John street, New York. The organization is to be known as National Insurance Buyers Assn.

The purpose of the new association, as set forth in its articles of incorporation, is to promote a closer relationship among buyers, to furnish members with statistics and information and to consult with underwriters, rating and regulatory bodies and others concerning matters affecting the interests of buyers throughout the nation. Principal efforts to be directed toward the securing of simpler and more adequate policy forms, coverage for all insurable risks, judgment of inequities in rates, and adequate recognition for all factors entering into risk rating, according to a spokesman.

Membership will be open to individuals, firms and corporations not in the insurance business.

The association is incorporated under Illinois law. The incorporators, who will also act as the first board of directors, are Ray S. Bass, A. E. Staley Manufacturing Co., Decatur, Ill.; Kenneth A. Bong, International Milling Co., Minneapolis; John F. Burke, Coast Service Co., San Francisco; Harry E. Goodell, Western Electric, New York, and George E. Rogers, Robert Garr Co., New York.

Carson Asks Comprehensive Outlook on Insurance as "One Business"

Ellis H. Carson, president of National Surety, speaking at the presentation dinner of middle Atlantic chapter of C.P.C.U. at Philadelphia, stressed the inter-relationship of all branches of insurance, and said that the business should be regarded as a unit whether in the United States or internationally.

Mr. Carson said that many insurance men, and perhaps especially those in the company ranks, tend to become absorbed in their own specialties and do not realize and appreciate sufficiently that insurance is one business. Comprehension of this fact in a very conscious manner will broaden the outlook and have a most significant influence on development and progress, he declared.

He mentioned that with the advent of multiple line underwriting and the public demand, underwriters in one branch are more and more embarking on what hitherto have, by law or custom, been regarded as the preserves of others.

In contrast, he commented on the extent to which those in the fire and casualty underwriting fields, agents as well as company men, tend to emphasize their differences and controversies. "Such apparent over-emphasis on differences within the insurance industry is apt to give a distorted view of the situation," he said. "It overshadows the wealth of cooperative and constructive effort that has been and is being devoted to common problems by those who have long since comprehended the oneness of the insurance business."

Gordon Milliman Joins Wash. Department as Deputy

Gordon Milliman has joined the Washington insurance department as assistant deputy commissioner with the primary duty of statement analyst.

Mr. Milliman was formerly with Wendell Milliman as consulting actuary at Seattle. Prior to that he was with Occidental Life in the pension trust and group annuity division of the actuarial department.

He is a son of the late Professor Milliman of the University of Washington.

Ross Little of the Fred W. Little agency, Wichita, is back at the office following an appendectomy.

Maryland Agents Are in Session

Maryland Assn. of Insurance Agents is holding its annual convention at Baltimore this week, beginning with a luncheon Wednesday noon at which Austin T. Flett of Chicago discussed mutual competition. Wednesday afternoon there was an educational session with E. H. Luecke, Fidelity & Casualty agency department, treating insurance salesmanship. J. J. Britzmayr of the brokerage service department of American Foreign Insurance Assn., discussed insurance abroad, and James F. White, advertising director of Maryland Casualty, "Local Agency Advertising."

On Thursday there will be a talk on Factory Insurance Association operations, and Maurice G. Herndon, Washington representative of the National Association, will give an address entitled "The Mountain Labored and Brought Forth a Mouse." This will be followed by an executive business session with election. At the annual banquet that evening Robert L. Friend will speak.

N.F.P.A. Holds Regional Meeting at St. Paul

ST. PAUL—National Fire Protection Assn. at a regional meeting here this week discussed a varied list of modern fire protection methods. A. H. Stead, N.F.P.A. president, presided.

Robert S. Moulton, technical secretary of N.F.P.A., explained N.F.P.A. standards and their preparation and significance. Percy Bugbee, general manager, described the activities of the association.

Fire aspects of civil defense were discussed by Charles S. Morgan, executive secretary of the fire marshals section. Inflammable liquids and gases were the subject of H. E. Newell, chairman of the committee on gases, who dealt with safe storage and handling. Field problems in storage and handling of liquefied petroleum gases were covered by F. T. Carpenter, president United Petroleum Gas Co.

Spray painting hazards were the subject of J. W. Norris, Jr., chairman of the committee on finishing processes.

Richard E. Vernor, Western Actuarial Bureau, presided at the discussion on life safety from fire. Participants were J. K. McElroy, assistant technical secretary of N.F.P.A. and R. E. Tiffin, fire commissioner of Saskatchewan.

In the section on rural fire protection, lightning protection was discussed by Emmett Cox of Western Actuarial Bureau, while rural fire departments were the subject of Norton T. Ames. Glen Rowell, Fire Underwriters Inspection Bureau, talked on dehydrators and dryers.

Dust explosion hazards and plant fire brigades were taken up at the industrial fire section with H. R. Brown, U. S. Bureau of Mines, and Frank R. Midgough leading the discussion.

Warner Organization Moves to Outskirts of Chicago

The general offices of Underwriters Ins. Co. of Chicago will be moved Nov. 18 from the Merchandise Mart to 4210 Peterson avenue on the northwest side of the city.

The new Underwriters home office is a one-story building containing 32,000 square feet of floor space, more than double the amount now occupied by the Lansing B. Warner organization, who are underwriting managers for Underwriters Ins. Co. The building has been completely air conditioned and sound-proofed. About 150 employees are involved in the move.

Elver Ellestad, who has been in sales work at Madison, Wis., has joined the John Varga agency at Chippewa Falls in charge of the farm department.

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N. C. Decision on Escott Plan Again Delayed

RALEIGH — Commissioner Cheek has delayed a final decision on the Escott plan in North Carolina until George Carey, counsel for America Fore, files a brief outlining objections to the plan.

Mr. Cheek planned to release his decision about six weeks ago but Mr. Carey requested time in which to prepare and file the brief. The commissioner said he is keeping an open mind on the plan until after the brief is filed. However, he indicated that he now is trying to work out some system which would compel those taking multiple location

insurance under such a plan to pay any debts which might be charged up against them.

The chief objection voiced at several public hearings has been that a firm could take advantage of the credits but at the same time might avoid payment of debts by seeking other types of coverage. Mr. Cheek plans to confer with representatives of the North Carolina attorney general's office to determine whether a legal solution to the problem could be worked out.

Charles F. Phillips, head of Thomasville Realty & Insurance Co., Thomasville, N.C., has been appointed a member of the state board of agriculture.

Chubb & Son Deductible Plan Approved in Utah

Commissioner Terry has approved the request of Chubb & Son for permission to write deductible fire insurance in Utah. The request, which provides for a \$5,000 minimum deductible, has been under advisement since a hearing Aug. 31.

Harold S. Morr, manager Utah Fire Rating Bureau and Cecil O. West, Chubb & Son, San Francisco, presented the pros and cons at the hearing. Deviations, under Utah law, are of one year duration. A new request for the deviation must be made for a renewal. This enables any objectionable or adverse data to be considered before new permission for the deviation is granted.

Nevada recently approved the same deviation request.

New Canadian Supervisor

John A. MacPhee has been appointed superintendent of insurance of Alberta. He had represented the North American Life in eastern Canada, and later was manager of Commercial Agencies at Edmonton.

With the appointment of E. R. Hughes, formerly superintendent of insurance and fire commissioner for Alberta, as deputy provincial secretary of Alberta, Austin E. Bridges, formerly deputy fire commissioner has been appointed Alberta fire commissioner.

Mr. Hughes has resigned as president of the Assn. of Canadian Fire Marshals and has been succeeded by W. A. Walker of British Columbia.

Supornick Wins on Appeal

ST. PAUL—A \$15,790 verdict in federal court at St. Paul against four insurance companies has been upheld by the U. S. court of appeals at St. Louis, attorneys in the case have been informed. The action grew out of a fire at the St. Paul Cycle & Supply Co. in September, 1948. The four insurers claimed there was fraud in the adjustment and refused to pay. Joseph Supornick, public adjuster, sued and was awarded a verdict in the district court. The companies appealed. They are Imperial, Northern of New York, American Fire of Galveston, and Underwriters Ins. Co., Chicago.

Assn. of Insurance Women of Lincoln, Neb., marked its 10th anniversary at a dinner meeting. Elmer Schroeder, state safety patrolman, discussed traffic safety in connection with showing a movie, "It's Up to You."

STOCKS

By H. W. Cornelius Bacon, Whipple & Co., 135 So. La Salle St., Chicago

Nov. 14, 1950

Aetna Casualty	3.00	109	Bid
Aetna Fire	2.20*	59 1/2	61
Aetna Life	2.50	60	62
American Alliance	1.20	26	27
American Auto	2.00	45	46 1/2
American (N. J.)	.90	20 1/2	21 1/2
American Surety	3.00	60	62
Boston	2.40	61	63
Camden Fire	1.15*	22	23
Continental Casualty	2.50*	65	66 1/2
Fire Association	2.60	60	62
Fireman's Fund	2.60	102	105
Firemen's (N. J.)	.70	20 1/2	21 1/2
Glens Falls	2.20*	53	55
Globe & Republic	.50	12	13
Great American Fire	1.30*	31 1/2	33
Hanover Fire	1.60	34	35 1/2
Hartford Fire	3.00*	137	139
Home (N. Y.)	1.60	35 1/2	36 1/2
Ins. Co. of North Am.	3.50*	125	127
Maryland Casualty	.80	18 1/2	19 1/2
Mass. Bonding	1.60	26	27 1/2
National Casualty	1.50*	34	Bid
National Fire	2.50*	57 1/2	59
National Union	1.60	34	35
New Amsterdam Cas.	1.50	37 1/2	39
New Hampshire	2.20	42	43 1/2
North River	1.20	27 1/2	28 1/2
Ohio Casualty	1.20	48	Bid
Phoenix, Conn.	3.00*	78	80
Preferred Accident		2 3/4	3 1/2
Prov. Wash.	1.50*	31	32 1/2
St. Paul F. & M.	3.00*	106	Bid
Security, Conn.	1.80*	34 1/2	35 1/2
Springfield F. & M.	2.00	44	46
Standard Accident	1.60	34	35
Travelers	12.00	477	485
U. S. F. & G.	2.00	49	51
U. S. Fire	2.00	66	68

*Includes extras.

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THE INSURANCE CO. OF THE STATE OF PENN.
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AT ACCOUNTANTS' CONFERENCE

Urges Current Reflection of Higher Costs in Rates

The rate structure should provide for increased expenses coincident with their occurrence and not some years after, George C. Bowen, vice-president and treasurer of Globe & Rutgers Fire, declared at the Insurance Accountants Assn. fall conference at Skytop, Pa. The job of the accountant has become increasingly complex and more burdensome in modern times. Accountants need capable and well qualified assistants which will add to company costs as will such items as are outlined in the program of examination set forth in the agenda for the meeting of the uniform accounting subcommittee of the National Assn. of Insurance Commissioners.

Ben S. Graham, Standard Register Co.; William B. Maley, statistician of North America Companies, and Henry L. Miller, assistant secretary of the Buffalo, also spoke.

Can't Avoid Expenses

Mr. Bowen regards the situation of increased expenses as a serious one.

"We cannot avoid these expenses and companies as a whole should not be expected to disburse these additional charges for a period of years before they are reflected in any experience data which may be the basis of rate adjustments."

He recalled that after the first world war conditions produced a multiplicity of handling for insurance and the clerical unit cost rose higher than ever before. Management needed help. Some accountants seized the opportunity, conducted researches far beyond what had been required and were rewarded by becoming an important cog in the executive and administrative machinery. Ways and means were devised to offset the decline in premium volume. Handling costs could not be reduced and changes in rates were in effect predicated upon loss experience solely.

The reliance upon the accountant and his duties has increased as time went on, he said, and cited the installment plan, annual renewal plan, comprehensive coverages in one policy, expense exhibit, etc.

Standards Don't Compare

The industry has had its personnel troubles brought about by the results of wars, directly and indirectly, yet real protective measures have not been generally provided. Comparison with other industries reveals the shortcomings of the great majority of companies as to general standards of wages. There is a dearth of desirable applicants for employment. What has the fire business to offer the young person of today who is about to embark on a career, he wondered. What should be done to alleviate the situation?

Presented with proper data, those responsible for making and improving rates can hardly suggest that insurer personnel is not entitled to standards at least equal to those enjoyed by other industries. Any adjustment in these standards should be reflected in adjustments in the rate structures concurrently and not years afterward.

This is a real problem, he said, and one to test the ingenuity of the accountants. He urged each accountant to preach this doctrine.

EXPENSE ANALYSIS

Company executives today look to accountants to analyze and interpret the expense factor which consumes close to half the premium dollar, Henry L. Miller, assistant secretary of the Buffalo, told the conference.

Early this year, the Buffalo accountants prepared a breakdown of acquisition costs by territories, easily put to-

gether from the information they had to turn out to comply with regulation 30. This showed a single line of information for each of about 30 territories in which the company does business. It listed written premiums and commissions paid to agents. Ratio of commission cost was

shown followed by a column showing ratio of overwriting paid general or state agents or salaries paid to field men. Other columns showed ratios of travel expense for each field and of tax and board charges, with one column showing total of all ratios for the territory involved—the ratio of total allocated acquisition costs. In another column was shown the contingent commissions paid in each field, and added to the report were paid losses, incurred losses and allocated adjusting expenses with ratios for each so that a reasonably accurate idea of the character of the business in each territory could be

obtained. The report carried footnotes indicating countrywide ratios of home office expenses and unallocated loss adjusting expense.

Big Spread by Territory

Everyone has this information. The report developed some interesting facts. Agency commissions showed a spread up to 15%. In territories where salaried field men were employed, ratios of salary to production varied from 1.6% to 4.6%. Field travel costs ran from .8 of 1% to 3%. Tax and board charges varied from 3.7% to 6.7%. The latter

(CONTINUED ON PAGE 39)



Home To Thanksgiving (FROM CURRIER & IVES PRINT)

In A Spirit of Thanksgiving

National observance of Thanksgiving Day, as we know it today, was declared for the first time by President George Washington on Thursday, November 26, 1789. In later years, however, there were no such Presidential proclamations until 1864 when President Abraham Lincoln proclaimed a set observance of the day.

Thanksgiving Day has become a day of family gatherings—of giving thanks for one's blessings. While present world conditions leave much to be desired, still we can be thankful that we live in these United States, in a democracy, with freedom guaranteed to all.

Let us be thankful for what we have in the knowledge that things could be a lot worse, and give thanks not only publicly, but spiritually.

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY LIMITED
THE PENNSYLVANIA FIRE INSURANCE COMPANY
THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK
THE MERCANTILE INSURANCE COMPANY OF AMERICA
THE HOMELAND INSURANCE COMPANY OF AMERICA

150 WILLIAM STREET, NEW YORK 7, N. Y.

HIGHLIGHTS In Insurance

FIREMARKS...In the early days of fire insurance, each insured was given a metal or wooden plaque with the insurance company's seal thereon to be nailed in a conspicuous spot on the front of his building to show that the house was insured. Each fire insurance company had its own fire department and when several of these brigades would arrive at the scene of a fire, the brigade whose company's sign was on the property would try to save what had not as yet burned. The other brigades would stand around and watch!

The National Union and Birmingham Fire Insurance Companies stress the need of fire preventive measures, but should a loss occur, they are noted for their prompt and just settlement of claims.



NATIONAL UNION and BIRMINGHAM FIRE INSURANCE COMPANIES

PITTSBURGH



PENNSYLVANIA

Group Service in One Company

Fire and Windstorm
and all Allied Lines

All forms Casualty Insurance

Aviation Insurance

Fidelity and Surety Bonds



A STOCK COMPANY

AMERICAN FIRE AND CASUALTY COMPANY

Home Office

Nation-wide Claim Service

Orlando, Florida

Heilman Named North America V.P.

North America has promoted H. Richard Heilman from assistant vice-president to vice-president. The company has also named three assistant secretaries and an actuary.

Mr. Heilman joined the company in 1923 after graduating from Haverford. Two years later he moved into the New York suburban field, becoming a special agent at Pittsburgh in 1929 and at Harrisburg in 1934. He transferred to the fire underwriting department at the home office in 1941 and was named assistant secretary in 1944, fire secretary in 1947 and assistant vice-president in 1949.

The new assistant secretaries are Thomas E. Walton, Jr., Richard E. Freeman and Alonzo L. Tyler. L. H. Longley Cook becomes actuary.

Smith Starts Ball Rolling for 1951 March of Dimes

Organization of the insurance business of New York City for active participation in the annual fund raising drive for the National Foundation for Infantile Paralysis got under way last week when Harold V. Smith, president of Home and chairman of the 1951 greater New York March of Dimes, announced at a luncheon that he had appointed the following group chairmen to direct the January drive:

L. S. Kennedy, president of Marsh & McLennan, brokers; Oscar Gleiser, deputy U. S. manager Commercial Union group, fire companies; A. J. Smith, president, Zweig, Smith & Co., agents; J. T. Dargan, Jr., independent adjusters; J. T. Robert Nichols, secretary Fidelity & Casualty, casualty companies; and Owen C. Torrey, general manager Marine Office of America, marine companies.

Mr. Smith and Mortimer E. Sprague, vice-president of Home, reviewed the financial needs of the foundation and of the New York City chapter. The latter, they said, has established a goal of \$4 million as the minimum which must be raised in Greater New York in the 1951 March of Dimes to meet the needs in the fight on polio.

Mr. Smith cited instances of the important work of the Foundation and asked the support of the insurance industry in making the 1951 march of dimes an outstanding success.

Guests at the luncheon included Herbert A. Payne and T. Morgan Williams, vice-presidents of Home; William Quaid; M. J. O'Brien, vice-president America Fore group; Harold Conick, U. S. manager Royal; John C. Evans, president Great American; Reginald P. Stockham, assistant manager and secretary North British; Arne Foss, president Frank B. Hall & Co.; Edward White, president White & Camby; Owen E. Barker, executive vice-president Appleton & Cox; W. E. Pullen, vice-president U. S. Casualty; A. F. Lafrentz, president American Surety; Harold A. Columbe, National Board; J. Dewey Dorsett, general manager Assn. of Casualty & Surety Companies and the group chairmen.

Change Expected in Iowa

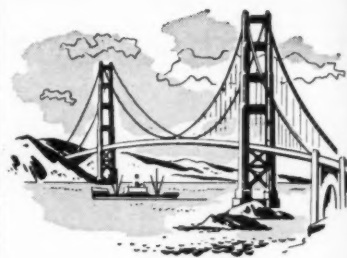
DES MOINES — Gov. Beardsley, Republican, who was reelected for another two-year term, is not expected to reappoint Sterling Alexander, present commissioner, whose term expires July 1.

Charles R. Fischer, who preceded Alexander as commissioner, is a close friend of the governor and served as his campaign manager two years ago.

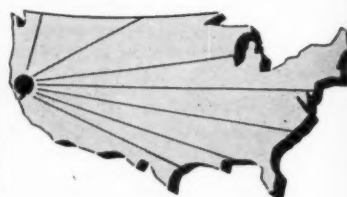
Theodore M. Gray, Jr., 22, son of the executive secretary of Ohio Assn. of Insurance Agents, was recently elected to represent districts 11 and 12 in the Ohio senate.

Los Angeles Blue Goose will hold its fall dinner dance Dec. 2.

Think of...



PACIFIC



NATIONAL

This Company, with its head office on the shore of the Pacific, is truly National in scope.

With offices and agents coast to coast, it has policyholders in every state.

Think of Pacific as denoting western youth and vigor. Think of National as denoting maturity, strength, wide dissemination of risk. Write it in...

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HOME OFFICE • SAN FRANCISCO
EASTERN DEPARTMENT • PHILADELPHIA
WESTERN DEPARTMENT • CHICAGO
SOUTHERN DEPARTMENT • ATLANTA
OFFICES IN PRINCIPAL CITIES
COAST TO COAST

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AGAINST "HECKLING"

Day of Ill. Tells His Attitude on Running Department

Insurance Director J. E. Day of Illinois in his talk before the insurance law section of the Illinois Bar Assn. in Chicago, gave further evidence that he is a level-headed middle-of-the-roader and should prove a stabilizing influence in the Illinois department.

Discussing the operation of the department he said that when he got there he found that there were some who thought the department did too much regulating and some who thought it did too little. He also remarked on the tendency in some state departments to become bureaucratic and for staff members to reach for jurisdiction, making rules that are not in the spirit of the law and heckling the industry.

Puts Himself on Record

"A lot of you probably came here to see what kind of an animal I am and I want to tell you that I'm against that type of attitude," said Mr. Day.

Conceding that an insurance company can't be permitted to operate as freely as other types of corporations, he said it nevertheless seemed wrong to him that one state should arbitrarily exclude a company domiciled in another state when actually there should be a high degree of reciprocity.

Expressing the fear that the public expects too much from insurance department supervision, Mr. Day said that the department is not in a position to guarantee a company's solvency and that there is a tremendous amount of policing that has to be done by the companies themselves and by pressures within the industry. If a company wants to juggle things between examinations it can often do so, he said, mentioning a few stratagems that had come to light.

Where Pressure Would Arise

Citing the experience of the securities business with the inadequate blue sky laws in the various states during the thirties, which led to federal regulation, Mr. Day said that the thing to guard against is that if companies were to go broke a tremendous pressure for federal regulation would be generated. He mentioned difficulties with marginal companies that are expanding too fast. So many states, he said, haven't enough money to do a real job of regulating, remarking that he was appalled at the small size of the insurance department budgets in some of the larger states.

The Illinois department is now trying to build up a rating bureau, although the subject is so new and complicated that "we are feeling our way with a great deal of caution," he said.

Cites Local Problems

Among local Illinois problems Mr. Day mentioned the liquidation of insolvent companies, which he pointed out can be done better and faster by the department than by a court; automobile insurance placed by dealers; and Illinois' unique competition among several Blue Cross plans. Of the latter, he said that Blue Cross plans, being non-profit organizations, might compete in a more gentlemanly fashion and not like rival slot machine manufacturers.

Mr. Day was introduced by Richard Hershey, son of former Insurance Director Hershey of Illinois. Paul E. Price of McKinley, Price & Appleman, Chicago, presided as chairman of the insurance law section.

Claims Premium Saving

Arthur S. Bostwick of Fuller & Smith & Ross, Cleveland, has sent out a news release that Central Soya Co. of Fort Wayne, Ind., has placed its insurance with Firemen's Mutual of the factory

mutual group at a savings of \$6,000 a month in premiums.

According to this firm, the number of policies covering the three soybean oil extraction plants of this company have been reduced from 500 to three.

The reduction in premiums was due mainly, according to this release, to the installation of an inert gas generator at the plants at Decatur, Ind., Marion, O., and Gibson City, Ill.

Inter-Ocean Re Dividend

Inter-Ocean Reinsurance has declared a dividend of \$1 per share, payable Dec.

1, to stock of record Nov. 10. This makes a total dividend for the year of \$1.50. Last year the dividend was \$2 but on only half as many shares.

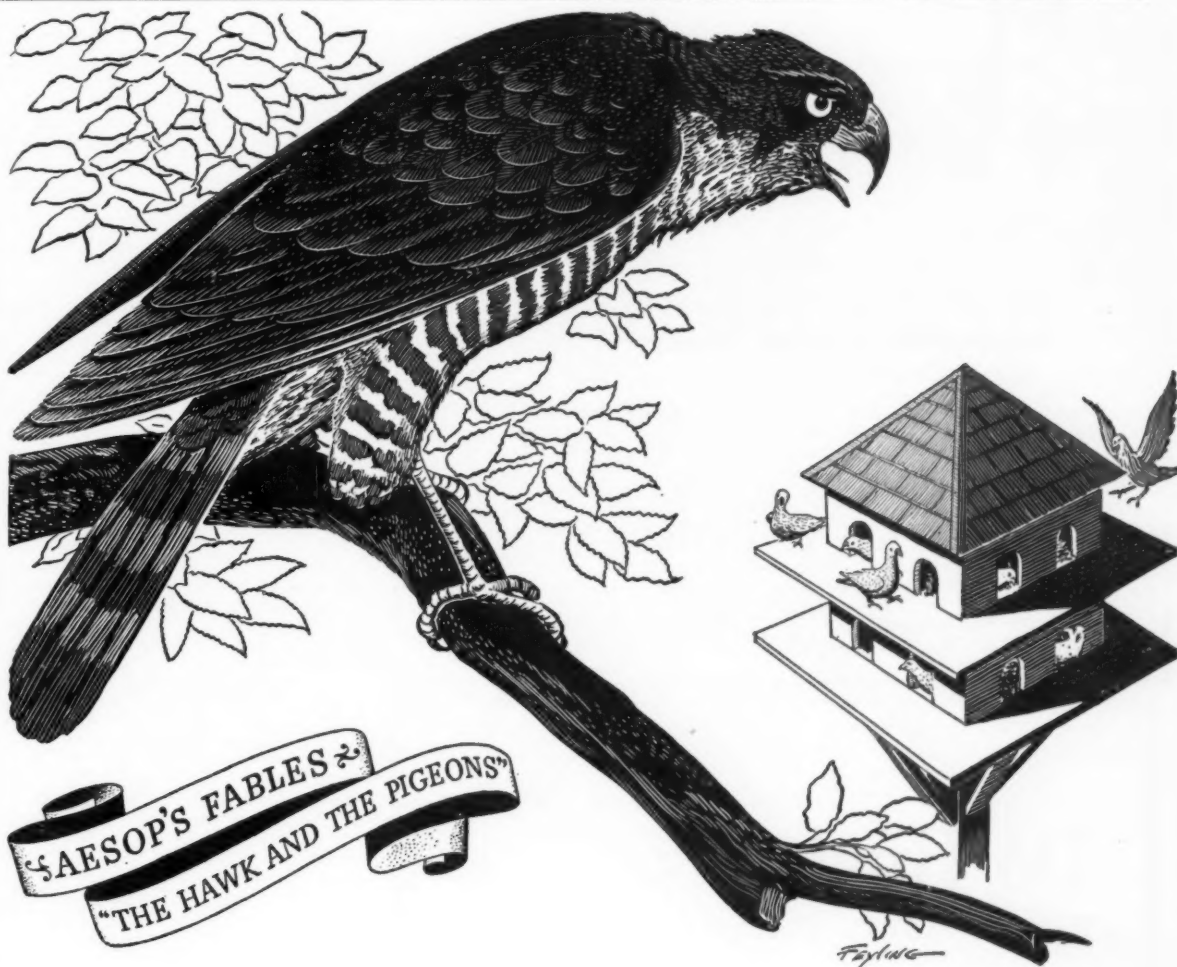
Harrington Hints End of Escott Plan Schism

The Massachusetts hearing before Commissioner Harrington on the Escott plan has been suspended to Jan. 4. "I hope by then that all you boys will be sitting in the same pew," Mr. Harrington stated. Apparently he feels that the latest amendments proposed by Mul-

tipple Location Service Office may bring about a reconciliation of differences in the business.

The hearing was on the appeal of America Fore, Automobile and Firemen's from the decision of New England Fire Insurance Rating Assn. to file the Escott plan in Massachusetts. At that time only the objectors to the plan were heard. The proponents' full case will be set forth in January.

Barry Truscott, president of Camden Fire, has been elected a director of General Adjustment Bureau.



A hungry hawk, failing to snare a flock of pigeons by direct attack, resorted to cunning. Calling down to their cote, he said: "Why live in constant fear, pigeons? Make me your king and I shall protect you from harm." The gullible pigeons agreed, and made the hawk their king; whereupon he issued an order that one pigeon would be sacrificed for his dinner each day.

In this same insidious manner, the "welfare state" threatens to make Americans swap their hard-won freedom for false security.

Abraham Lincoln said: "As I would not be a slave, so I would not be a master. This expresses my idea of democracy. Whatever differs from this, to the extent of the difference, is no democracy."



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Character of Casualty and Fire Stocks Is Analyzed

NEW YORK — Kidder, Peabody & Co., 17 Wall street, here, has issued a booklet on "The Merit of Fire and Casualty Insurance Stocks." The booklet includes pertinent facts on 25 selected companies.

These stocks appear to offer an exceptional degree of long range capital gains prospects, the brokerage firm comments, and then summarizes the principal elements of their strength.

A large proportion of earnings are customarily retained and reinvested for the future benefit of stockholders. A fair yield is provided on dividend disbursements which in a number of instances are earned twice or more by net investment income alone. Consecutive dividend payments have been made by many companies for 50 years or more. Since present dividends represent an historically low percentage of investment earnings, payments are subject to possible increase.

Long Range Inflation Protection

Also, insurance stocks afford long range protection against inflation. The dollar volume of underwritings tends to reflect changes in the general price level. Fire and casualty premium rate structures are reasonably flexible. Again, the position during a deflationary period offers substantial protection to earnings and dividends. The tax status is relatively favorable—judging by the experience with the excess profits tax of the last world war. Under the impetus of the recent New York statute, the prudent man investment principle should tend to expand the demand for well situated insurance shares. Insurance stocks now are available at a substantial discount from sound asset values.

The recent reaction in the price for a number of insurance stocks, which may be attributed to certain inflationary fears and to the fact that 1950 underwriting earning power reflects some down turn from the abnormally high 1949 results, may provide an attractive buying opportunity, the booklet states.

The booklet points out that investment income has shown a steady growth in the last decade, accompanying the rise in invested assets to the highest level in insurance history. Retained earnings have increased the capital resources of the companies, and the reserves for unearned premiums and insurance losses have risen commensurately with insurable values.

Big Rise in Volume

Premium writings have gained in each of the last 10 years, and 1949 volume was 3.1 times the business in 1939 for stock fire and 3.2 times for stock casualty and surety. Insurance premiums per capita have risen more rapidly than the general price level and after allowing for increase in commodity prices, per capita results in 1949 were the highest on record. Capital funds of the companies are being used more fully than at any time since the 1920s.

The 25 insurance stocks which the booklet analyzes are currently selling to yield 3.8% on dividends to shareholders which represent 60% of their net investment income alone. A dividend pay-out ratio of about 80% of investment income was characteristic of the insurance in the period before the last war.

Part of the lower pay-out ratio has been due to the need for adequate capital to write substantially higher volume since the end of the war. Premium volume shows signs of leveling off since last year, indicating a favorable prospect for higher dividends. Any expectation of a return to the 80% pre-war ratio should, however, recognize and give considerable weight to the general increase in corporate income tax rates over the past decade as the increase, at least in part, applies to investment income. Present dividend rates appear quite secure since in many instances div-

idend requirements are earned twice or more by the investment income alone.

The market prices of these 25 stocks presently are selling at a discount of about 26% from estimated liquidating values before tax and 16% after tax provision. With the prudent man legislation in New York, which broadens the

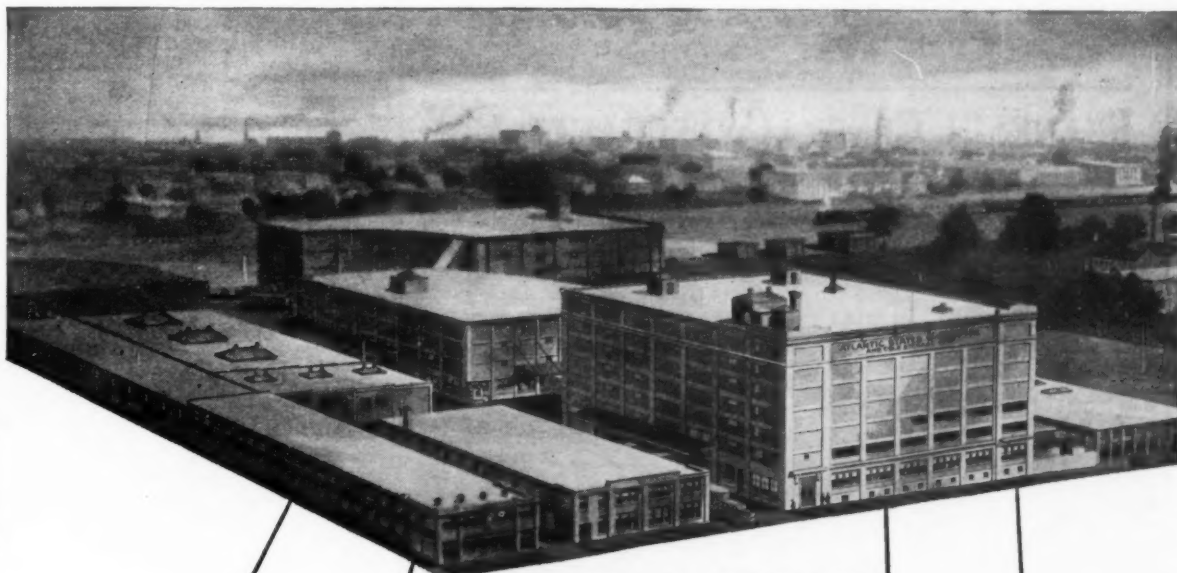
powers of fiduciaries to invest in other than so-called legal bonds, impliedly almost forces serious consideration of investments for many trusts in sound common stocks. The institutional type of investor, where his powers permit it, has traditionally found a considerable amount of attraction in insurance stocks. It recently was estimated that about \$½ billion was invested in the stocks by this class of investor.

The provision for taxes, including the excess profits tax, in the last world war, for a representative group of companies in the war years was considerably less

on the average than the peak federal normal and surtax rate of 40%. This is partly due to recognition by taxing authorities of essential character of insurance and the need for the business to maintain substantial capital resources.

Kidder, Peabody & Co. have only a limited number of booklets available.

The Detroit office of Lumbermen's Mutual of Mansfield will be moved to the Guardian building effective Dec. 1. Bruce W. Davis is state agent. The present headquarters are in the Penobscot building.



FOUR WAYS AUTOMATICALLY PROTECTED

Among the largest in New England, this Springfield, Mass., warehouse depends on ADT Central Station Automatic Protection Services to give instantaneous notification of fire, burglary and other dangerous conditions.

Thousands of warehouses and other progressive establishments of all types from coast to coast are protected automatically by ADT. The high degree of security has in most cases made it possible to effect substantial economies through modification of other more costly but less effective protection measures.

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(Premises)
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HEATING SYSTEM
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Controlled Companies of
AMERICAN DISTRICT TELEGRAPH COMPANY
155 Sixth Avenue • New York 13, N. Y.
CENTRAL STATIONS IN ALL PRINCIPAL CITIES

Great American Divides Western Marine Field, Alexander Bell Named

Alexander L. Bell has been appointed marine special agent in the western department of Great American with headquarters at Chicago. He will travel the eastern part of the territory and John H. Byers, who has been traveling the en-

tire western department for marine lines, will concentrate his efforts in the western states.

Mr. Bell joined Great American in the underwriting department two years ago.

Joseph F. Schweer, secretary of Cincinnati Fire Underwriters Assn., is back on the job and in good health after a month in Good Samaritan hospital for a general check up.

A Cordial Invitation Is Extended To All Indiana Agents To Visit The Executive Office

FRANKLIN GENERAL INSURANCE CO.
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Find Drawback to Advance Premium Plan for Local Windstorm Insurers

The letter that H. O. Melby, president of Wisconsin Mutual, wrote to policyholders in connection with assessments under windstorm policies, is attracting considerable attention. Wisconsin Mutual had losses of more than \$1 million in the storm of last May 5. The assessment applied to Wisconsin farm windstorm policies and amounted to 1¼ times the 1949 annual rate for members holding policies on Oct. 10, 1949 plus 1½ times the 1950 annual rate for members holding policies on May 5, 1950.

Mr. Melby in his letter to policyholders goes on strongly to advocate deductible windstorm insurance. He said that in his company seven out of eight claims are for less than \$50, that only one claim in 20 is for more than \$100. In the storms of Oct. 10, 1949 and May 5, 1950, there were more than 11,000 claims for Wisconsin Mutual, he said. Of these, 9,000 were for less than \$100. He states that the directors believe that the financial position of Wisconsin Mutual would never again be placed in jeopardy and all future assessments avoided if the company would confine itself to the writing of \$50 and \$100 deductible policies. The policyholders are asked to express their opinion on a mandatory deductible clause in all farm windstorm policies.

Mr. Melby's views as to the deductible are not shared by all of the mutual companies in the state by any means. His company went on an advance premium basis for windstorm insurance whereas most mutual companies of a local complexion operate in Wisconsin on a pure assessment basis as far as windstorm is concerned. They believe that for a company operating locally, the pure assessment basis is the wisest. This is usually supplemented with a line of credit at a bank, so that the insurer can pay current losses without having to wait until the assessments are in. All of the local companies in Wisconsin had to levy assessments, but most of them said that despite the fact these were exceptionally heavy, there was no embarrassment in connection with it because assessments are the rule and are expected, whereas on the advance premium plan, an assessment may come as something of a surprise and shock to the policyholder.

Harrington Gives Tips to Mass. Legislators

Commissioner Harrington of Massachusetts, in a message to the 1951 legislature, recommends either substitution of minimum standards for the present standard fire policy law or in the alternative, specific legislation to permit issuance of all risk policies to a greater extent. He also recommends enactment of the uniform H. & A. policy provisions bill adopted by N.A.I.C. last June.

The important changes so far as Massachusetts is concerned if such a law were enacted would be the inclusion of a grace period in A. & H. policies, extending the period for bringing suit under a policy to three years from the present two years and requiring Massachusetts companies to meet the new requirements wherever they operate.

Another recommendation is that the 1950 law permitting special licensed brokers to place business with un-

licensed companies be amended to place the burden on any unlicensed insurance company of proving to the commissioner that its directors and officers are of good repute and are competent to manage an insurance company and are carrying out its contracts in good faith.

Fire Prevention Engineers Form New Organization

John J. Ahern, director of the fire protection and safety engineering department of Illinois Tech was elected president of Society of Fire Prevention Engineers, a new professional section of National Fire Protection Assn., at the initial meeting at Boston.

John A. Neale, chief engineer of the National Board, is first vice-president, and Elmer F. Reske, manager of Cook County Inspection Bureau, is second vice-president. Secretary is Robert S. Moulton, technical secretary of N.F.P.A., and Richard E. Stevens, N.F.P.A., is assistant secretary.

The object of the society is to promote the professional standing of fire protection engineers. Application blanks



John J. Ahern



John A. Neale

will be available shortly at the N.F.P.A. offices at Boston.

The executive committee of the new society consists of Allen L. Cobb, Eastman Kodak Co.; Warren J. Baker, North America; Carl G. Richmond, Boston Manufacturers Mutual, and W. G. Schultz, Lumbermen's Mutual.

Underwriters Named

In the SEC registration statement of Providence Washington for its proposed issue of 80,000 shares of cumulative convertible preferred stock, the principal underwriters are named as First Boston Corp., Wood Struthers & Co., of New York, and Brown, Lisle & Marshall of Providence. This will be offered for subscription by common stockholders at the rate of one share for each five shares held Dec. 4.

Names Grissom in Ark.

Western Millers Mutual Fire of Kansas City has appointed Wayne Grissom of Little Rock as field representative for Arkansas. His headquarters are at Little Rock.

Dr. Kenneth Lewis, president of New York Medical Society, will speak at the Nov. 20 dinner of New York Assn. of A. & H. Underwriters.

Over 100 Agencies from Coast to Coast for Installation and Service



BABACO ALARM SYSTEMS, Inc.

723 Washington St., New York 14

18 Years of Proven Low Loss Experience

Questions To Local Fire Insurance Companies

Fire loss in U. S. and in Porto Rico determined by local fire insurance companies would mean damage under clauses of it was an belief—in be any co This has years, the men on a a riot broke succeeds to insurrection boils down In Porto situation curb stone as thinking views were men reluct the facts actual case icies cover The pol similar to in use in Company hesitant to tion in the American Porto Ri caution w status. Th to conserv coverage whatever standing a the basic cover?

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Question Arises as To Loss Liability In Porto Rico

Fire loss men in the approximately 20 U. S. and British companies that write in Porto Rico have a neat problem of determining whether the recent nationalist uprising there was a riot which would mean that there would be coverage under riot and civil commotion clauses of extended coverage or whether it was an insurrection—the prevalent belief—in which case there would not be any coverage.

This has been a debatable point for years, the hardest thing being an agreement on a definition of a riot. When does a riot become an insurrection? If it succeeds there is no question that it is insurrection. If it doesn't the argument boils down to a question of degree.

In Porto Rico a bad public relations situation has developed because some curb stone experts expressed themselves as thinking there was coverage. These views were widely published, Company men reluctant to speak until they have the facts and an investigation in an actual case, aren't so sure that the policies covered.

The policy used in Porto Rico is similar to but not identical with that in use in continental U. S.

Companies in any event have been hesitant to write riot and civil commotion in the area because of the Latin American predilection for riots. In Porto Rico, however, perhaps less caution was practiced because of its status. That, however, led local people to conserve money by not buying the coverage and this serves to minimize whatever amount might have been outstanding at risk. Besides there is still the basic question, did the policies cover?

In general there are no estimates at what the insurance loss might be. There is no central agency for collecting the information. The English companies report direct to London. American Foreign Insurance Assn. does not write in the West Indies or Central America. Its members have their own local agencies there. American International Underwriters writes there for its members but had only negligible potential losses reported. Several individual company members of A.F.I.A. indicated that they had but few reports of possible loss but said that this might have been because they had no coverage in the area involved.

Home Gives Cost of Living Raise to All Employees

Home has announced a cost of living salary increase to its 5,300 employees throughout the country, the third such adjustment since 1947. The increase will affect the salaries of all employees without limitation as to income with the exclusion of all officers, effective Nov. 20.

North America Offers Two New Package Plans

Two new multiple line homeowners policies, developed by North America have been approved by the Pennsylvania department. They are companions to the homeowners policy multiple form announced last september and are designated as homeowners intermediate policy and homeowners comprehensive policy.

The intermediate is written in amounts from \$6,000 to 12,000 fire and E. C. on dwellings. An additional amount equal to 30% of the dwelling coverage applies on contents. It includes \$1,000 theft coverage on property anywhere on the premises and \$10,000 comprehensive personal liability coverage with \$250 medical payments.

The comprehensive policy is written in amounts from \$10,000 to \$50,000 fire and E. C. on dwellings. An additional

amount equal to 40% of the dwelling coverage applies on contents. Theft insurance is in the same amount as the fire and E. C. contents, 10% of which may be applied worldwide. The basic policy includes \$10,000 comprehensive personal liability and \$250 medical payments. The liability and medical payments amounts may be increased.

The new policies are written on either a three or five year term basis and may be prepaid or made subject to North America's installment premium endorsement.

The premium charge for each of the policies is approximately 20% less than

the same coverage would cost if purchased separately.

Hugh Hughes Appointed

Hugh A. Hughes is named special agent for the Mill Mutuals at Kansas City.

Push Neb. Agents Bill

Arthur W. Pinkerton, Omaha, president of Nebraska Assn. of Insurance Agents announces that a series of 33 legislative meetings is planned for the last week in November and the first

week in December, on the subject of the agents' qualification bill which has been drawn up for submittal in January before the Nebraska legislature. There will be a meeting in a city in each of the 33 outside districts, as well as group meetings in Omaha and Lincoln.

Fun Up to McCagg

The annual formal Christmas party of Casualty & Surety Club of New York will take place at the Waldorf Astoria Dec. 11. George W. McCagg, assistant U. S. manager of Royal-Liverpool, heads the entertainment committee.



"Accommodating chap, that AG-EMPIRE man. He said he'd handle the few office details while we're out drumming up new customers."

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NEWS OF FIELD MEN

Blue Goose Grand Nest Appointments

MILWAUKEE—Appointments of new deputy most loyal ganders and committee chairmen of the Blue Goose by Paul M. Fell, Philadelphia, most loyal gander, have been announced through Richard A. Kenzel, Milwaukee, grand wielder.

Deputy most loyal ganders-at-large are W. T. Murphy, New York, eastern states; R. Harry Lewis, Greensboro, N. C., southern states; Robert J. Parker, Winnipeg, Canada; Allen C. Guy, Columbus, O., central states; Herbert E. Manners, San Francisco, western states.

Other deputies include:

R. K. Davis, Jr., Washington, for Maryland and District of Columbia; A. E. Douglas, Parkersburg, for West Virginia; Howard Emmerich, Philadelphia,

for Pennsylvania; G. O. Albies, for New Jersey and New York; P. M. Brice, Dallas, for Texas, Arkansas, Oklahoma, Louisiana; T. M. Hickey, New Orleans, for Kentucky, Tennessee, Mississippi, Alabama; H. G. Turner, Columbia, S. C., for Virginia, Carolina, Georgia, Florida; W. J. Moe, Portland, for Oregon and Washington; W. J. H. Montgomery, Boise, for Idaho and Montana; Ralph Dyer, Salt Lake City, for Utah; C. W. Rogers, San Francisco, for northern California; E. W. Dunn, Los Angeles, for southern California and Arizona; R. D. Wilcox, Denver, for Colorado, Wyoming and New Mexico.

G. W. Root, Honolulu, for Hawaii; H. B. Lucky, Minneapolis, for North Dakota; A. K. Bolton, Fargo, N. D., for South Dakota; John Nelson, Milwaukee, for Minnesota; W. M. Brown, Kansas City, for Nebraska; W. E. Bagley, Omaha, for Iowa; C. B. Harter, Louisville, for Ohio; A. S. Snow, Columbus, O., for Indiana; C. B. Herrick, Jackson, for Michigan; L. I. McKay, Detroit, for northern Illinois; R. E. DeHaven, St. Louis, for southern Illinois; John Boeddert, Kansas City, for Kansas; E. A. Smith, Des Moines, for western Missouri; H. A. Elkin, Springfield, Ill., for eastern

Missouri; A. G. Keats, Chicago, for Wisconsin.

Canada: R. L. Fenerty, Calgary, for Alberta; G. A. Meredith, Vancouver, for British Columbia; Fred Davis, Winnipeg, for Manitoba; W. A. Winhall, Toronto, for Ontario; Benoit Bertrand, Montreal, for Quebec.

Judge advocate: Hubert O. Wolfe, Milwaukee.

Committee chairmen: Jurisprudence, H. O. Wolfe; constitution and by-laws, J. R. Knowlan, Philadelphia; ritual, R. R. Dearden, Philadelphia; memorial, Howard Emmerich, Philadelphia; emblem, Floyd Pickett, New York City; publicity, L. R. Snyder, Philadelphia; eligibility of employees of multiple line companies, R. C. Williams, New York; ladies' auxiliary, Ralph Tilton, Philadelphia.

American Names Andrus Oklahoma State Agent

American has appointed William S. Andrus state agent for Oklahoma, replacing Fred Warnemunde, Jr.

Mr. Andrus has served as an examiner, adjuster and special agent for Commercial Union in Oklahoma. Field headquarters remain in the City National Bank building, Oklahoma City.

American has appointed Ezekial B. Gaines, Jr., special agent for Tennessee. He graduated from University of Georgia in 1949 and then joined American at the home office. He has completed the advanced training class and has had experience in several departments.

American has named Charles L. Jones, Jr., special agent for Kentucky. He joined American at the home office in 1949 and completed the advanced training class.

Boston Names Field Men in Iowa, Nebraska, Ohio

Boston has appointed Gilbert E. Bartling, Jr., as state agent in Iowa and Nebraska, working out of Des Moines. He succeeds James Sellers, who has been called into service. Mr. Bartling attended Amherst and University of Kansas and served in the air force. His initial insurance experience was in his father's local agency. He has been serving as special agent in the Iowa-Nebraska field for another company.

James R. Patterson, Jr., has been named special agent at Cleveland, assisting Clarence D. Brown, Jr., state agent for northeastern Ohio. He replaces John W. Hawkins, recently transferred to Michigan. Mr. Patterson attended Harvard and was with the coast guard during the war. He has been traveling northern Ohio for Security of New Haven.

America Fore Mich. Line-Up

In the Nov. 9 issue it was stated that State Agent A. B. Paulsen is in charge of the America Fore offices in their new location at 709 Reynolds building, Jackson, Mich. This is incorrect in that Mr. Paulsen has charge only of the Continental in Michigan and is associated with R. J. Bothwell, state agent for Fidelity-Phoenix; R. C. Koller, state agent for American Eagle and Niagara, and E. D. Cameron, farm and hail special agent for all companies.

Hear Ohio Department Panel

At a meeting of Ohio Fire Underwriters Assn. at Columbus Tuesday, Superintendent Robinson, Warden L. U. Jeffries and Miss Lillian Stickle, assistant financial officer and chief clerk of the Ohio department, conducted a panel, answering many questions. George M. Giles, Springfield Fire & Marine, was moderator. Five new members were received and three resigned.

Walter Dithmer, assistant manager Western Underwriters Assn. will speak Dec. 12, outlining the public relations program.

Young, Hershe at St. Louis

Alex Young, Hartford Fire, Kansas City, newly elected grand keeper of the Blue Goose, and W. B. Hershe, St. Paul, most loyal gander of the Heart of America pond, Kansas City, were guests at a luncheon meeting of the St. Louis pond.

Mr. Young spoke on grand nest activities and plans for the convention at Kansas City in 1955, which the St. Louis pond is helping to finance.

New Ohio Pond Wielder

Arthur M. Goodwin has resigned as wielder of Ohio Blue Goose. Robert S. Landen of Western Adjustment has been named in his place.

To Form S. F. Auxiliary

Hugh S. Coburn, manager of Boston, will be toastmaster at the Thanksgiving party of San Francisco Blue Goose.

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Nov. 21. All proceeds will be turned over for the launching of the new ladies auxiliary. W. O. Cooper, Underwriters Salvage, is chairman of the entertainment committee.

Nettles to Va. Field for Aetna, Succeeding Fleming

Stephen Nettles has been named special agent in Virginia for Aetna Fire group. He succeeds Paul S. Fleming who has been recalled to active army duty.

Mr. Nettles graduated from the University of South Carolina after serving in the army air force during the war. Prior to joining Aetna in June, he was with South Carolina Inspection Bureau.

Emporia, Kan., Inspected

Kansas Fire Prevention Assn. inspected Emporia this week at the invitation of the Chamber of Commerce and Emporia Insurers. A joint luncheon meeting of the Lions Club, Insurers and Chamber of Commerce was held Wednesday with a demonstration on "Electrical Hazards in the Home" by Howard Naylor, construction engineer Kansas Power & Light Co., Topeka.

Augustine Promoted in Ia.

Austin Augustine has been named state agent for Home at Des Moines. Mr. Augustine joined Home in 1937 after serving with Iowa Inspection Bureau. He was promoted to associate state agent in eastern Missouri in 1947 and transferred to Iowa as associate state agent in 1948. He will serve jointly with State Agent E. H. Davis.

Army Calls J. L. Hoffman

John L. Hoffman, special agent at St. Louis for London & Lancashire, has been recalled from the army reserve to active duty as a sergeant. He has been assisting his father, Dudley L. Hoffman, L. & L. state agent at Moberly, who will absorb the duties of his son.

Wis. Blue Goose Plans

Wisconsin home nest of Blue Goose will hold a buffet dinner at the Schroeder hotel, Milwaukee, Nov. 27, at which the speaker will be George Lanphier of the University of Wisconsin football coaching staff who will show movies of the Wisconsin games and discuss football activities at the school.

Inspect Fort Smith, Ark.

Arkansas Fire Prevention Assn. conducted a four-day inspection of Fort Smith last week. More than 600 risks were inspected and 1,300 recommendations made. There were 49 members of the association participating and talks were given before six civic clubs and before nearly 7,000 school children who saw seven presentations by "Stupid Carelessness," the fire clown.

Alabama Pond Initiates

Alabama Blue Goose initiated six candidates at its mid-year meeting at Montgomery. In the absence of Chenoweth Pointz, welder who was in a Cleveland hospital, C. C. Chandler, custodian, acted as welder.

Twenty-five year pins were awarded to R. H. Patterson, E. G. Darling, W. E. Bishop, and J. W. McCann. Mr. Patterson was also voted a life membership. J. B. Chapman conferred these honors, and Elmer C. Dice delivered the charge.

The afternoon was given over to a golf tournament and a bowling match, with a banquet in the evening.

Little Inland Empire Chief

Clarence H. Little, Home, has been elected president of Inland Empire Fire Underwriters Assn., succeeding Don A. Morton, who has become a partner in the Moloney & O'Neill agency of Spokane.

MARINE

Planet Puts Out New Marine Manual for Agents

Planet of Detroit has put out a new marine manual or guide for its agents. It is a producer's guide rather than an underwriter's manual, being in brief outline form for speedy reference of rates and coverages and includes a list of prospects for the various coverages and selling pointers.

Rating is placed in the feature spot for each class. This is contrary to normal sequence because coverage is featured in most manuals or books of this kind.

Claims Men Hear Gemologist

Scientific methods used in distinguishing precious gems from each other and from facsimiles were explained by G. R. Crowningshield, acting director Gemological Institute of America, at the November meeting of Inland Marine Claims Assn. at New York.

The necessary qualities for a precious

stone include beauty, durability and rarity, according to Mr. Crowningshield. Rubies, sapphires and emeralds were cited as the gems which present the greatest problem of identification.

Atlantic Names Pritchard

E. H. Pritchard has been appointed marine special agent at Philadelphia for Atlantic Mutual and Centennial.

Mr. Pritchard joined Atlantic in 1940 and has been inland marine underwriter at the home office and at Philadelphia. In his new position he will service east-



THIS advertisement by Taber & Tripp on November 9, 1803, marks the beginning of the agency system in America.*

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ern Pennsylvania, southern New Jersey and Delaware.

McDonnell to Missouri

Robert E. McDonnell has been named marine special agent in eastern Missouri for Fireman's Fund with headquarters at St. Louis. He has been a marine underwriter in the western department for several years.

Marine Men to Hear Hancock

At the annual dinner in New York City Nov. 16 of American Institute of Marine Underwriters John Hancock, partner in Lehman Brothers and now member of the atomic energy commission, will speak. J. A. Bogardus, presi-

dent of Atlantic Mutual and head of the institute, will act as toast master.

Maritime Lawyers' Dinner

Maritime Law Assn. will hold its annual dinner at New York City Nov. 17 with Robert W. Williams, now a member of the federal maritime board and formerly a vice-president of the law association, will be the speaker.

Drop Cleaners Reciprocal

H. T. Moran, president of Oklahoma Assn. of Insurance Agents, announced that Oklahoma cleaners have abandoned the plan to establish a reciprocal to handle their business; as the results of work by company men and local agents with interested cleaners.

WANT ADS

Rates—\$13 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Monday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER — FIRE & CASUALTY EDITION

Colorado Bank Insurance Agency Needs a Partner

Northeastern Colorado City of 8,000 in a rich irrigated farming section with a connection with the oldest Bank desires a partner capable of handling and managing agency with potential \$200,000 volume. Must be outstanding—none other need apply. Write Carl V. Rutledge, Gas and Electric Building, Denver, Colorado, giving complete occupational history with both business and personal references.

WANTED

A young man with some experience in personnel and office management. Only those with a college education and knowledge of the flow of work in a company office need apply. Excellent opportunity for the one who can qualify. Give complete information including experience, age, salary and armed service status. Replies confidential. Address C-62, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

YOUNG EXECUTIVE

organizer, creative, resourceful, management viewpoint, seasoned by field and supervisory operations in ten eastern states is available for branch or general agency management of high grade, AGGRESSIVE multiple line stock fire companies in eastern states. Address C-48, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

FIRE & MARINE UNDERWRITER
National Lloyds Underwriting office desires man 25 to 40 years of age having experience with either company or agency background. Salary and incentive bonuses. Our employees know of this advertisement. Give details of experience. Address C-49, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

SAFETY ENGINEER

Charge of department handling service work for insurance companies. Excellent salary. Write stating full details. Address C-51, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

FILING SUPERVISOR

Excellent opportunity for man or woman with filing experience for growing Wisconsin mutual fire and casualty companies. Give complete information, including experience, age and salary expected. Replies confidential. Address C-52, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED TO BUY

General insurance business, Detroit, \$75,000 volume or less, or a gradual retirement arrangement purchase plan with complete facilities and housing available. This offer by established and responsible stock companies agency Detroit, Michigan. Address C-54, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

PASADENA OFFICE SPACE

Office space available in Class "A" building on most important corner in Pasadena. From 200 to 20,000 square feet. Parking. Write T. D. Rogers, 9014 Wilshire Blvd., Beverly Hills, California.

WANTED

Automobile Company for General Agency in Colorado. Address C-46, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

CASUALTY MANAGER

Insurance agency desires Casualty Department Manager. Experience in all casualty lines required. State age, marital status, education, experience, salary requirements and date available. Send picture if possible.

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331 Fayetteville Street
Raleigh, North Carolina

RETIRED BUT ENERGETIC?

An established and promising insurance agency in growing southern city would like to engage experienced insurance man to aid in managing and building its business. Would look with favor on a man who has quit under compulsory retirement but wants to use energy and know-how rather than remain idle. Address C-55, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

AVAILABLE

Inland Marine Manager presently employed interested in making a new connection. Willing to re-locate. Home office and field experience. Address C-57, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

AVAILABLE CASUALTY MAN

Desires connection with progressive general agency with purpose of eventually acquiring partnership. Any live city considered. Hard worker, energetic, thoroughly responsible. Age 48. Address C-58, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

AVAILABLE

Young woman with fifteen years experience, presently employed, desires position with company field office or small agency in Northern or Central Ohio. Able to take full charge. References. Address C-60, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

FOR SALE

Part interest in local insurance agency in Fargo, North Dakota. For complete details Address C-59, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

CHICAGO

WANT 100% RESPONSE

Although there has been an excellent response from members in connection with the proposal to consolidate the old Fire Underwriters Assn. of the Northwest and the Life Members Society of that association into a new corporation with a name such as Fire Underwriters Society of the Northwest, the leaders are appealing to the members who have not responded, to be sure to express themselves since the aim is to get just as close to 100% vote as possible. So far, practically all of those responding have favored setting up a new organization. It is found that there are something like 500 members.

Ogilvie Farm Speaker

K. S. Ogilvie, assistant manager of Western Underwriters Assn., is addressing a dinner meeting of Farm Examiners Club of Chicago Nov. 21.

THREE BIG PARTIES

During the American Management Assn. insurance conference at Chicago, Thursday and Friday of this week, there will again be the three big social features that have now become a fixture at these gatherings. There is the sumptuous buffets of Marsh & McLennan and of Rollins, Burdick, Hunter Company and then there is the breakfast Friday given by the Kemper organization.

Insurance Distaff Executive Assn. of Chicago at its November meeting saw a movie, "Invitation to Gracious Living."

NEW YORK

NEW HOSPITAL BUILDING

The Beekman-Downtown hospital will start shortly construction of a new hospital building on William street, between Beekman and Spruce streets, in downtown New York City. This is the hospital that serves the insurance district, and there have been from time to time a number of men prominent in the insurance business who have served on its committees. The building committee has one insurance man, Courtland Otis, vice-president of Johnson & Higgins.

The new building will provide complete medical services for 165 beds with a large three floor out patient department and is being designed to permit expansion to 212 beds without structural change. The land, equipment, and building will cost \$4,300,000.

WANT SIRENS IN NEW YORK

New York Board of Trade has called upon Mayor Impellitteri to "take immediate steps to create a permanent air raid warning system which will make it possible, in the immediate future, to rescind the present siren ban."

The board adopted a resolution which states that fire engines, police cars and ambulances are seriously impeded in responding to emergency calls as a result of the ban on sirens put into effect Sept. 11, by the civil defense director. Several accidents have occurred to personnel and equipment operating emergency vehicles.

The board reviewed resolutions of International Assn. of Fire Chiefs and International Assn. of Chiefs of Police which stated their opposition to the siren ban and pointed out that experience during the last war showed it was practicable to adopt signals for air raid warnings which were distinctive from police and fire sirens.

Calvin to Kansas City F. & M., R. B. Jones Names 2

Fred H. Calvin, manager of the fire and marine departments of R. B. Jones & Sons of Kansas City, has been appointed assistant underwriting manager

of Kansas City F. & M. Mr. Calvin has been with Jones & Sons for 20 years.

Louis Lange, Jr., who has been Mr. Calvin's assistant, has been promoted to manager of the fire and marine departments of R. B. Jones. He is a graduate of Illinois Tech in fire protection engineering. He was with Oklahoma Inspection Bureau from 1938 to 1944 and then for two years was in the field for the Morrison general agency of Omaha.

Associated with Mr. Lange is his brother, Robert H., who is associate manager of the fire department. He is a graduate of Illinois Tech and of Kent College of Law. He has been with Missouri Inspection Bureau and was plant protection inspector for the war department. For the last four years he did special project work for Western Actuarial Bureau at Chicago before joining the Jones agency in September.

William H. Francis, Jr., Houston attorney and independent oil operator, has been elected to the board of Southwestern Fire & Casualty. He is also a director of Southland Life.

Founders Fire & Marine has filed an application with the California department to change its name to Founders Ins. Co.

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Mallo Smith Fire E

Arthur C. Travelers Insurance Co. tiring at h succeeded l been assist Mr. Sm 38 years in various



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Malloy Succeeds Smith as Travelers Fire Engineer

Arthur G. Smith, chief engineer of Travelers Fire and Charter Oak, is retiring at his own request and will be succeeded by George J. Malloy, who has been assistant chief engineer.

Mr. Smith is leaving Travelers after 38 years and after a total of 41 years in various engineering fields. He joined



A. G. Smith



G. J. Malloy

Travelers as inspector in the casualty engineering department in the home office and subsequently became supervising engineer. He was named chief engineer of Travelers Fire in 1927 and in that post pioneered new concepts of engineering and inspection in fire and marine insurance.

Mr. Smith was responsible for the training of a considerable number of fire survey engineers, most of whom now occupy high posts in the fire field staff. He has been prominent in industry committee work and is chairman of three committees and a member of eight other committees of National Fire Protection Assn. During the first war he served with the army in a civilian capacity and later received a commission in the navy.

Mr. Malloy joined Travelers in 1925 as a fire survey engineer in Boston. He was transferred to the home office in 1926 and became senior engineer in 1928.

In 1943 he was assigned to New York as superintendent of engineering where he served until 1949 when he returned to the home office as assistant chief engineer. Mr. Malloy was graduated from Rhode Island State College in 1920. He joined New England Inspection Bureau and was with that organization until 1923.

Suggest Interpretations on Covers in Hurricane

To give insured that suffered loss in the recent Florida hurricane the greatest possible benefits and achieve uniformity in handling of such losses, the National Board supervisory office at Miami has issued a bulletin containing four recommendations which are applicable to the losses arising out of this hurricane only.

Because the plate glass clause has been deleted from the latest extended coverage forms, it is recommended that provisions of the plate glass clause be waived in respect to claims under E.C. The whole loss, including plate glass, will be subject to whatever coinsurance is involved. The agreement of principles, plate glass is to be observed. Thus, if the plate glass loss is \$1,000 or more, apportionment shall be in accordance with the joint loss clause found in the new E.C. forms. In wind and hail policies the plate glass clause is to be given full effect.

Ruling on Carpeting

Unless specifically mentioned in item 1 of the form covering carpeting, habitational forms 440-F and 442-F, carpeting is to be considered a contents item unless cemented to the flooring and not removable without injury. If carpeting loss under item 2 produces contribution by insured either by way of coinsurance or lack of sufficient insurance on the

item, adjusters are requested to make full report to the companies.

As to the personal property floater, wind driven rain damage when there has been no break in the wall or roof of the building by direct force of wind is not to be construed as subject to the \$100 windstorm endorsement clause. The usual \$15 or \$25 deductible clause is applicable.

Outside neon tubing, particularly that which outlines the entire building is a sign and in forms that exclude signs this type of sign must be excluded from any claim. Interior signs are not to be considered within the exclusion.

Pacific Indemnity Has New Broad Form Auto Policy

Pacific Indemnity has announced a new broad form private passenger automobile policy which contains a number of new features not found generally in such policies. The new coverage will be written at the same rates as those on previous automobile policies issued by the company.

Bodily injury and property damage are covered on an occurrence basis; trailers of any type covered for B.I. and P.D., except as to medical payments; newly-acquired automobiles automatical-

ly insured for original coverages for policy term; use of "other automobiles" coverage for B.I. and P.D. afforded to hired or rented automobile whether frequent or not, to automobiles furnished a named assured for frequent use and to pickup or panel delivery trucks not used for wholesale or retail delivery.

Use of "other automobiles" is covered as far as material damage is concerned, except on autos hired as part of frequent use or furnished for regular use or while the owner is riding therein; damage to tires occasioned by vandalism or malicious mischief; bail bond cost required in event of accidents or traffic law violations up to \$100 in each case not limited to the usual charges of surety companies as heretofore. In addition, the automobile need not be described unless material damage coverage is provided.

Policy forms are expected to be available about Nov. 20. The new policy is available for use in California, Oregon, Washington, Idaho, New Mexico, Arkansas, Oklahoma, Tennessee and Mississippi.

New Cal. Directors Named

Lorrin K. Carroll, president of California Assn. of Insurance Agents, has named as association directors Fred A.

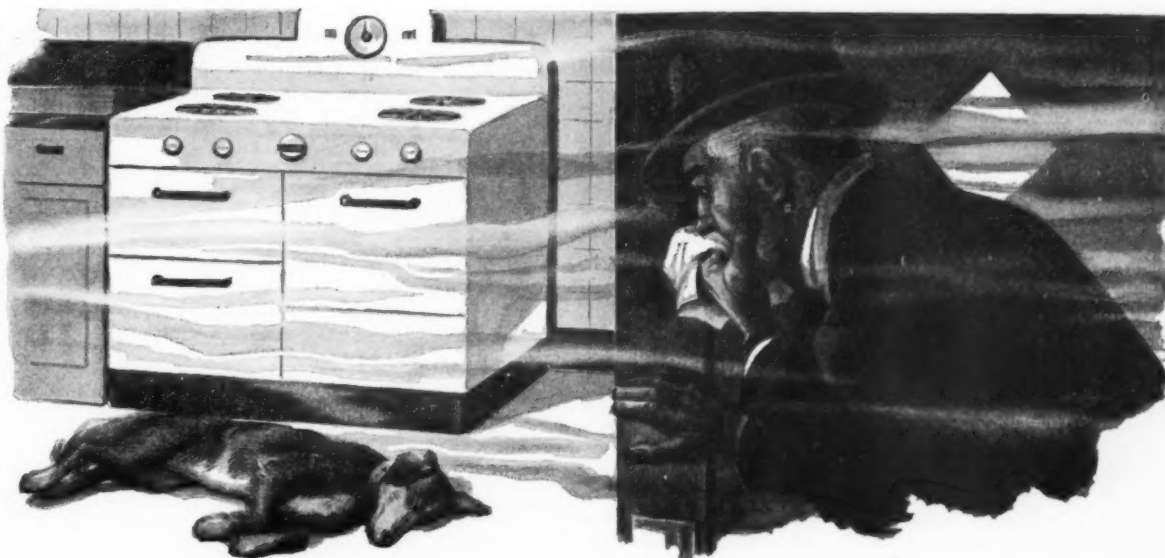
Banducci, Modesto; Laurence Canfield, Santa Cruz; Norman M. Quillinan, Sacramento; George O. Johnson, Oakland and Leroy F. Wilkie, San Rafael—new appointments, and Gene L. Alair, Ontario; Phil D. Ellithorpe, Fresno; Rae F. Redfern, Bakersfield; W. R. Van Dusen, Sherman Oaks; W. G. Wilson, Long Beach and A. G. Zeppugno of Santa Ana, reappointed. Robert E. Battle, vice-president, and Robert E. Dawson, secretary, are also members of the board.

N. C. Hearing Postponed

RALEIGH—The public hearing on a request by Buffalo and Merchants Fire for permission to use the annual renewal plan in North Carolina, originally set for Nov. 10, has been postponed to Nov. 27, because Col. W. T. Joyner, counsel for North Carolina Fire Insurance Rating Bureau, was unable to be present on the date originally set.

The two companies have appealed from a denial of their request by the rating bureau. They proposed to use the annual renewal option in lieu of the five-year installment premium payment plan.

Allied American Mutual Fire has been licensed in Washington.



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Storekeeper's Liability policy protect me if the dog owner makes claim for damages?"

Of course it would! No it wouldn't! And, if it doesn't, what policy does? This is a "toughie" so don't be too quick with your answer. You might be wrong! The answer to the quoted question is contained in the Group's current issue of "True or False." Your copy is available on request to our Advertising Department.

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EDITORIAL COMMENT

Spooks

Commissioner Harrington of Massachusetts obviously has a good sense of smell when in his recommendations to the 1931 legislature he advocates amending the law that permits special licensed brokers to place business with unlicensed companies so as "to place the burden on any unlicensed insurance company of proving to the commissioner that its directors and officers are of good repute and are competent to manage an insurance company and are carrying out its contracts in good faith."

There are developing some ugly indications of trespass in the surplus line field and these situations need to be nipped in the bud. We are by no means advocating a monopoly for London Lloyds in this area, but we are, to say the least, unimpressed by the quality of some of the wraith-like institutions that are undertaking to fit themselves into the pattern of surplus-line operations. For instance, we heard of a broker that placed more than 60 policies for an aggregate liability of more than \$2 million in something with a foreign name that the broker now confesses he would be pleased to have assurance is, indeed, an

insurance company. Then there was the short-lived (we trust), expedition of a thing with an old charter and \$25,000 of new money, into the realm of land war risk insurance.

Some of these spooks are "insuring" hot risks that are eschewed by licensed companies with a surplus to protect while others apparently undertake to create the fiction of a surplus line by offering some freak deductibles and other eccentric coverages that are not available from licensed institutions.

Such goings on as this can easily create a malodorous situation reflecting on the insurance business and on state supervision. It could also put a kibosh on surplus line laws which up to now have served a worth-while purpose on the whole. Maybe legislation is needed and if so Mr. Harrington may have the answer as to the kind that will serve the purpose but alert insurance commissioners will not wait for a law. They will proceed on the theory that the surplus line insurer may be a spook but that somewhere close at hand there will be a flesh and blood broker or agent who can be taken into the woodshed.

One Vote for the Society

In few businesses are so much time and effort devoted to education as in insurance. In this respect at least the character of the business is closer to a profession, such as law, accountancy, etc., than most other businesses. The insurance societies or their equivalents have been greatly responsible for developing this interest in education and bringing it to practical fruition over the years.

What brings this strongly to mind is of course the 50th anniversary of the Insurance Society of New York. This certainly indicates how far back into the history of the business in this country the educational movement goes.

The 3,500 enrollment of the insurance school conducted by the society shows clearly how important education has become in the daily life of the people in the business. Its influence on the ambitious in the business is incalculable. It has enhanced the usefulness and progress of those who have been in the business for years. Over-all it has contributed much to the general improvement of insurance as a whole, its ability to do its own job with increasing efficiency and broader objective and its ability to express its proper

status in the economy as a whole.

No one would deny the fine purposes and high philosophy of the insurance society nor the practical good it does through its educational courses and through its maintenance of the insurance library in New York City. However, its work has grown in a kind of agglomerate fashion and its practical need today is for greater support financially and a recognition that some time in the future it should have a central headquarters where it could get its work done under one roof. Its classes are scattered all over the insurance district. Companies and insurance offices make rooms available for conduct of classes, but this is not very satisfactory because of distance and the inability to supervise properly under these circumstances.

It has been suggested that if the society had its own building, its work would be much more effective. This would put all of its offices and classrooms under one roof. It would provide an educational center and would be a headquarters for visitors from all over the world.

Leaders in the business have done an excellent job of supporting the so-

ciety and its work, and helping to shape and carry out policy. Most insurance offices with several or even many employees going to classes pay the tuition of students if they finish their courses. The society and those who conduct it full time have made a really fine contribution to the general insurance welfare. But it is like anything else good, there is nothing wrong with it except that there is not enough of it. It is entitled to more support.

The society is seeking recognition as a junior college, which would put it on a sounder foundation in the field of education, but for this the New York state board of regents requires the

school possess a certain amount in endowments, a figure the society has not yet reached.

One suggestion for the future that might win additional interest is a course or series of lectures that would appeal to top executives in the business, perhaps one on management problems with authorities in the management field from outside the business. This would not have to be directed at presidents necessarily, but executives, agency brokerage or company, concerned with every day problems of management might well be interested and acquire a closer, more personal interest in the society.

PERSONAL SIDE OF THE BUSINESS

Chester H. Zook, assistant western manager of National Fire, underwent an operation at Chicago this week.

In recognition of his completion of 25 years with Northwestern Fire & Marine, **Maurice W. Strouts** was honored at a luncheon sponsored by President C. W. Hall and attended by other officers and field men. He joined the company in 1925, moving up through the filing, mapping, survey and examining departments and for 15 years has been traveling Minnesota.

In the issue of Nov. 2, THE NATIONAL UNDERWRITER by error, in reporting the

meeting of National Assn. of Mutual Insurance Companies, ran the picture of Harry P. Cooper, Sr., when it was intended to run the picture of his son, **Harry P. Cooper, Jr.**, as secretary of the association. THE NATIONAL UNDERWRITER regrets the error and prints herewith a picture of the present secretary.



H. P. Cooper, Jr.

Fred Fox, past president of Oklahoma Assn. of Insurance Agents, has been released from the hospital and hopes to be back in the office within a week or so. Early in October he met with a serious automobile accident that entailed a month's stay in the hospital before returning home. He is still on crutches.

Frank G. Bush, vice-president and secretary of Aetna Fire group, is observing his 40th anniversary with the organization.

Mr. Bush joined Aetna as a special accountant. In 1915 he was placed in charge of the accounting department at Chicago and later was made actuary of the western department. In 1923 he was transferred to the home office and appointed auditor. His first task was the installation of a new system of accounting and statistics. He was elected an assistant secretary in 1926 and comptroller of the group two years

later. In 1932 he was named secretary of the Aetna and its fire subsidiaries and vice-president of Century Indemnity. He was elected vice-president and secretary of all companies in 1948.

Don Christianson, superintendent of the audit department of Kansas Inspection Bureau, Topeka, is recuperating in St. Francis Hospital there following surgery. He will probably be able to return to his desk by the first of the year.

B. Verne Hart, special agent of Aetna Fire at Cincinnati and secretary of Ohio State Fire Prevention Assn., is undergoing a checkup at our Lady of Mercy Hospital, Mariemont. He will be at home a short time before returning to his desk.

Claire Simpson, newly elected president of Insurance Federation of North Dakota, is a partner in the Baker agency of Fargo. This is one of the oldest agencies in the state and is also general agent for Maryland Casualty, St. Paul-Mercury Indemnity and Minnesota Mutual Life. Mr. Simpson is active in many insurance matters. He played a large part in the organization of the federation something over a year ago.

Walter M. Bastian, who served as counsel of Rating Bureau of the District of Columbia for a number of years, was sworn in last week as a member of the federal district court at Washington. The oath was administered by Chief Justice Vinson in a crowded court room. Judge Bastian is presiding in non-jury civil cases.

The Denver "Post" in its series called "Empire Profiles," on prominent and colorful people in Colorado, featured **Samuel T. Jones, Jr.**, Pueblo, immediate past president of Colorado Assn. of Insurance Agents, last week. The story stresses the activities of Mr. Jones on behalf of University of Colorado, which he attended, particularly as to recruiting athletes, but goes into his many other business, civic and personal activities. In addition to operating his insurance agency, he has interests in real estate, housing, radio, automobile and appliance sales, and banking, has been active in the local and state Chambers of Commerce, Rotary Club, Community Chest, Elks, Shriners, golf and country club, American Legion, Reserve Officers of America, Centennial

THE NATIONAL UNDERWRITER

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Turf Club and Pueblo golf and country club, is president of the Pueblo "Dodgers." Western League farm club of the Brooklyn "Dodgers," made a hole in one on a swing which dislodged his glasses, the ball hitting a tree and a water fountain before bouncing back onto the green, and is noted as a card player.

W. H. Tribou, who has been advanced from assistant secretary to secretary of Aenta Fire and all its subsidiaries, joined the group in 1928 as head of the law department of Century Indemnity. Previously he had been for two years in the legal department of Maryland Casualty at Boston office and for three years its claim manager at Portland, Me. He was elected assistant secretary in 1949.

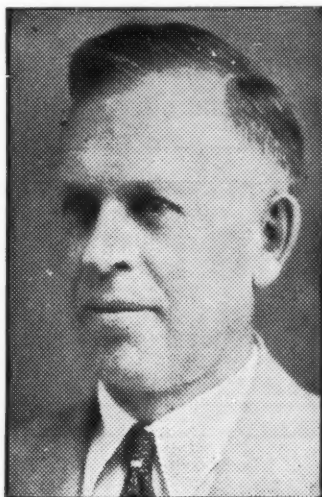
General Agents F. D. Watkins, Jr., and R. C. Bielaski, who became assistant secretaries of the fire companies are both former field men. Mr. Watkins

started in 1937 as an assistant examiner at the home office and was appointed special agent in Arkansas in 1939. After army service, attaining the rank of major, he resumed his old post and was made state agent in 1946. He was called to the home office in 1948 as general agent in the southern department. Mr. Bielaski joined Aetna in 1937. He served as an engineer in the special risks department and also was assigned to service work on large national accounts. He was special agent in North Carolina prior to army service and resumed field work on his return. He went to the home office as general agent in 1948. He is the son of A. Bruce Bielaski, assistant manager of National Board.

DEATHS

ALBERT R. ARFORD, 78, one of the founders and treasurer of Fidelity Health & Accident Mutual, Benton Harbor, Mich., died there. He had been ill for four years but maintained an active interest in the company until three weeks before his death.

He first became interested in the A.



ALBERT R. ARFORD

& H. field in 1899 while serving as general secretary of the Benton Harbor Y.M.C.A. In 1903, he joined with E. C. Edmunds, new chairman, and the late E. C. Bowlby in founding Fidelity.

He was especially interested in claim work and in standardization of policy forms. His son, Frank B. Arford, is now secretary of the company.

PAUL W. KLABUNDE, 65, retired general claim agent of Milwaukee Transport Co., died at Milwaukee after a long illness. He started with the utility in 1901 and became head of the claim department in 1926. In 1944 he went to St. Louis to become insurance director of St. Louis Street Railway Co. While there he became vice-president and general manager of the newly formed Transit Casualty. He retired in 1947.

JAMES K. WILSON, 42, treasurer of Commercial Standard, was drowned when the boat from which he and three other men were fishing capsized. He had been with the company about 20 years, and had moved to Fort Worth from Dallas 16 years ago.

D. S. BRITTIN, 53, senior fire adjuster at Newark for General Adjustment Bureau, died at Paterson General hospital. He had been with G.A.B. for 28 years.

MICHAEL R. SMITH, general agent for Loyalty group at Little Rock, died there. He started his insurance career as an inspector for the old Kentucky Rating Assn. In 1910 he moved to Arkansas as state agent for Firemen's in Arkansas and Oklahoma, and he later moved his office to Little Rock as general agent.

He was a member of Arkansas Field (CONTINUED ON PAGE 39)

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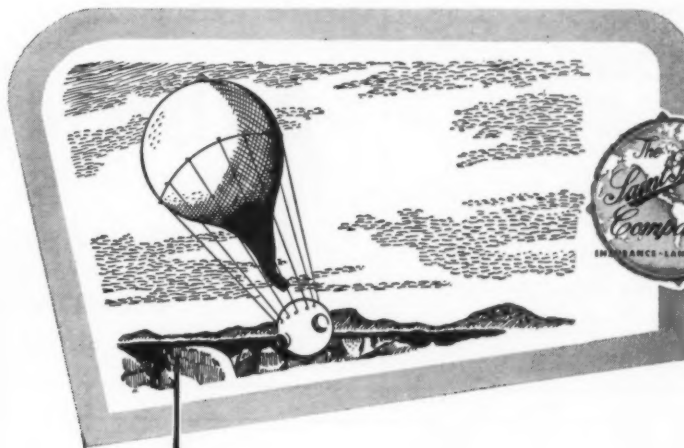
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WHAT TO EXPECT

Gallagher Tells Obligations Assured, Agents, Companies Owe Each Other

SPRINGFIELD, ILL.—What insured, agents and companies can expect in dealing with each other was crystallized by Eugene F. Gallagher, fire and marine manager of Standard of Detroit, Chicago, at the annual meeting here of Illinois Assn. of Insurance Agents.

Mr. Gallagher first dealt with what the insured has a right to expect from his agent. "This is of the utmost importance to all of us," he said, "because the agent is, to the insured, the exemplification of the entire business." The agent can build or destroy and whether he enhances or impairs the business depends upon how well he does those things which are expected of him. It should be remembered that insured realizes he is paying an agent a definite sum for his services. It is always the insured who pays for services an agent may render—not the company, Mr. Gallagher remarked.

Is a Purchasing Agent

The agent actually is being retained as a professional purchasing agent who knows the very best contracts and the best markets for insured's needs, Mr. Gallagher stated. The insured has a right to expect his agent to keep informed and abreast of new coverages and developments and to study and educate himself continually. He expects him to belong to his own associations at local, state and national levels because by so doing the agent helps to maintain the standards of his calling and becomes a more integral part of the business.

The agent should use established companies of unquestioned reputation and integrity, Mr. Gallagher said, rather than those whose only recommendation is a higher percentage of commission. There are any number of direct writing companies through which insured can buy at a reduced cost, representing in most cases the sum paid for services of the agent. If the time comes when assured think agents are not worth the service charge, they will quite likely go to the direct writers.

Companies' Obligations

"What does the agent have a right to expect from his company?" Mr. Gallagher asked. He must expect a high level of ethics, since the agent is judged in large part by the companies he represents, and he wants at least an understanding attitude that assures him his company will try to find an answer to propositions that are rational and not in violation of sound principles.

According to Mr. Gallagher, the company must be prompt and entirely fair in its settlement of claims. It is only when a claim arises that the agent has an opportunity to demonstrate the quality of his product. The company also should believe in and support ardently the agency system. A satisfactory balance sheet and a financial trend indicative of competent and conservative management should be evinced by the company, Mr. Gallagher believes. He added that the company should help in developing and servicing the agent's business, not in a pampering fashion, but in a manner that will add to his knowledge of the business.

In the way of field service, company representatives should have sufficient underwriting experience to make decisions and to have the authority to make those decisions stick, Mr. Gallagher opined. The company also should assist from time to time on the production of sales of specific coverages.

In presenting the company's point of view, Mr. Gallagher said "we would like to have our agents 'company-minded.' The agent must have his company's interests ever before him. This is but another way of saying that our business is a closely integrated one and we must all work together if we would have it prosper." The agent, Mr. Gallagher continued, should do what he can to enhance the agency system; be anxious to learn more and more about his business and be energetic enough to try new methods and to push new coverages when they seem to have merit.

Mr. Gallagher emphasized that agents must be sufficiently well informed with respect to the broad operating features of the business so that they can make a lucid and convincing explanation of their own place in it and can defend themselves and their system against the onslaught of direct writing competition. To the agent the business owes much of its growth and improvement, Mr. Gallagher observed, going on to say that future advances also are largely up to the agent.

Touches on Commissions

Before closing Mr. Gallagher treated the commission problem, pointing out that a high commission company must either make up the difference by some decrease in the service it renders or it must rely upon an extraordinarily favorable loss expectancy; and years have



Merle A. Read, Joliet, state national director, and Walter M. Sheldon, executive vice-president of W. A. Alexander & Co., Chicago, are cooling off following a hot session at the Illinois agents' meeting.

shown that no single company can long count on a ratio appreciably below the average. He then posed these questions: "Is it not likely that if commissions rise to what seems to be an unreasonable portion of the premium, regulatory officials will step in and effect controls covering this important item? Is it not possible that some companies would welcome such a situation and by wantonly increasing commissions are attempting to speed that day?"

In looking to the future, Mr. Gallagher emphasized that companies much prefer to operate through agents, but he expressed doubt that they would follow that desire to the point of commercial suicide. "It is most gratifying," he said, "to know that thinking agents are just as aware as are most of the companies, that commission wars can be as disastrous as are rate wars."

Sidelights of Illinois Convention

There was a steady stream of agents and company men up and down Capitol avenue between the Abraham Lincoln and Leland hotels during the annual convention of Illinois Assn. of Insurance Agents. Headquarters were at the Leland but because of the large registration and great number of companies maintaining headquarters, the Lincoln had a deep insurance atmosphere.

Morning papers were placed outside the hotel rooms of all those attending the meeting by Fidelity & Deposit. On hand in the F. & D. rooms were W. H. Hansmann, vice-president, and R. W. Fuermann, assistant manager, both of Chicago, and T. J. Reagan, special agent at Davenport, Ia.

J. M. Winters, local agent at Quincy, attended the meeting with his two sons, John Winters and Richard Winters, both of whom are with the agency.

Crum & Forster western department hospitality was dispensed by R. H. Gregg, assistant manager; E. J. Kaufman, superintendent of the automobile department; R. C. Myers, state agent, and J. E. Kryder, special agent, both of Decatur.

The Meserole group had popular quarters with F. J. Pocquette, western field manager, and John L. Flavin, Illinois state agent, in charge.

W. Herbert Stewart, past president of the association, chairman of the board of Stewart-Keator-Kessberger & Lederer agency of Chicago, was enjoying himself at the meeting and interested a number of comparative newcomers by recounting a few of his humorous experiences in the business.

Among the large contingent manning North America's headquarters were V. L. Montgomery, manager, and R. A. Mitchell, marine manager, northern Illinois; B. T. Turner, manager, and W. J. Mitchell, assistant manager, southern Illinois. Indemnity of North America was represented by S. H. McGoun, Illinois manager. Mr. Montgomery, a native Ohioan, was capitalizing on Ohio State's excellent football team by soliciting a few wagers on the Buckeye-Illinois game Saturday. While he noted his bets on not so permanent items such as match covers and envelopes, he alleviated any fear of a memory lapse by promising to have them photostated. Frank H. Hawk, association president, Peoria, validated the wagers by initialing the match covers, etc.

Agents visiting the Zurich rooms were greeted by R. D. Hodson, deputy U. S.

manager; E. J. Savage, director of agency relations, and John Geary, field assistant.

H. W. Kenyon, midwestern state agent, was on hand for Sun Indemnity.

All women attending the banquet wore corsages provided by Illinois National Casualty. Monday the women were driven to New Salem in buses provided by Hawkeye-Security. They toured Abraham Lincoln's home, followed by lunch and entertainment. Arrangements for the ladies were handled by Mrs. Marie Kahn, who, with her husband Morris Kahn, operates a local agency at Springfield.

Early arrivals were welcomed at a cocktail party and buffet lunch sponsored by Continental Casualty Sunday evening before the directors' meeting. The women were given corsages and they had a choice of orchids. Hosts were Henry Lustgarten, resident vice-president and manager, George Rennix, assistant manager, of the Chicago branch, and Stuart Smith, Illinois executive special agent. Mr. Rennix put in a rather busy weekend preceding the convention. He officiated at the Michigan-Indiana football game at Ann Arbor, returned to Chicago that night, joined the Springfield caravan early Sunday, and Sunday evening during the board meeting entertained the directors' wives at dinner.

The two oldest Illinois agencies were represented at the meeting. A. E. Ernst, of the Ernst agency at Alton established in 1849, was on hand as was H. R. Woodward of Roswell Bills & Co., Peoria. His agency is marking its 100th anniversary.

An imposing array of New Amsterdam Casualty men made agents at home in their quarters. Its group was led by Resident Managers H. N. Douglass of Chicago and C. W. Kiefer of St. Louis. Also on hand from St. Louis were D. R. Berkel and D. P. Jarzelsky. W. R. Purcell, Illinois field supervisor, C. A. Sandberg, assistant manager, R. L. Miller and R. F. Daly rounded out the Chicago representatives.

In attendance at Home's suite were R. E. Minner, vice-president; D. E. Larson, Illinois manager; Ray Hawkins, supervisor hall department; R. J. Harmon, state agent; E. J. Busch, assistant general adjuster; A. F. Stubbe, marine special agent, and E. K. Apple, farm special agent. On hand for Home Indemnity were Kyle Simpson, northern Illinois manager, and Frederick Brinkmeyer, southern Illinois manager.

Hawk Continues as President; All Other Officers Are Reelected

450 at Springfield Meet, Hear Anti-Coercion Bill Listed as Principal Aim

By CHARLES C. CLARKE

SPRINGFIELD, ILL.—An ambitious legislative program aimed at the paramount insurance problems of the day, embracing anti-coercion legislation, counter-signature laws and qualification laws, was outlined at the annual meeting here Monday and Tuesday of Illi-



F. H. Hawk



L. M. Drake, Jr.

nois Assn. of Insurance Agents. The approximately 450 who registered were treated to an interesting program and heard talks which contained a number of usable sales ideas.

Because of the extensive legislative ground work laid by the present administration, all officers were reelected in order that their efforts may be continued without interruption. Officers are headed by President Frank H. Hawk of Peoria. W. H. Redeker, Centralia, is executive vice-president; William W. Hamilton, Chicago, executive manager; Lillian L. Herring, Chicago, secretary; P. B. Hosmer, Jr., Chicago, treasurer, and Merle A. Read, Joliet, state national director. Lyman M. Drake, Jr., Critchell Miller Agency of Chicago, was renamed chairman of the board.

Mr. Hamilton, who in his talk said that two anti-coercion bills were unsuccessful in the last legislature, called for realism on the part of the agents and active support of the program, which includes another such bill as a principal aim, to be presented at the next legislature. He outlined a bill to be introduced which provides that no lending institution dealing with either real or personal property can make as a condition precedent to a loan that insurance be placed with any specific company or agent, leaving to the lending institution, however, the right to pass on the solvency of any chosen company.

Coins New Phrase

Terming the ordinary lending institution's insurance activities as tie-in sales, Mr. Hamilton pointed out that it is a practice which the federal trade commission does not permit in other businesses and should not permit in insurance. While the bill will not eliminate automobile dealers and finance companies from the insurance business, it will place the solicitation of such business on a competitive basis. He coined a new

(CONTINUED ON NEXT PAGE)

name for the anti-coercion proposal, calling it the "favorite broker bill."

While the proposed legislation was favored by almost all agents, some opposition was voiced because of the possibility that attempts at further elimination might affect savings and loan and real estate men who also are engaged in insurance. One agent, while agreeing the proposal is sound, sug-

missions on the Chicago business of down staters, it is the practice of the companies and they similarly protect the business of down staters. He recommended that the qualification law be amended to provide that every policy covering Illinois property be signed by an agent who operates on a commission basis.

In his report of administration, Mr. Hawk stated that during the year the DeKalb county, Pike county, Kankakee and Taylorville local boards were organized. Membership is now 763, the highest ever. "For 50 years," he said, "we have held to the principle that our members should only represent capital stock companies. Though it may deprive us of a considerable number of members we do not feel that you can carry water on both shoulders. The future may decide that after all it does not make any difference whether you represent a stock company or mutual company but more important is the question do you represent an agency company. When that times comes we will then adjust our constitution and by-laws to meet the changed conditions."

Tells of Group Life Plan

Mr. Hawk urged all members to take advantage of the group life which is now available to members because of the change in the laws regulating group life in Illinois. Continental Assurance is handling the plan and as soon as 200 members enroll it will become effective.

"There has been evidenced in the past year," Mr. Hawk pointed out, "a desire on the part of the Insurance Brokers Assn. of Illinois to cooperate more closely with the agency business." Accordingly the Insurance Producers Council of Illinois has been organized by the Illinois association, the Chicago Board and the brokers group. The council should prove invaluable in deal-



M. A. Read



W. W. Hamilton

gested "we clean our own house first," and put a stop to agents coercing agents. The possibility that passage of plan might lead to additional regulation of the business was mentioned.

A more stringent qualification bill, which, in combination with the anti-coercion proposal, would make it more difficult for auto dealers and part-timers to obtain licenses was described by Mr. Hamilton, who said it will be an important aim of the association at the next legislative session. It is proposed that the examination be made more than a memory test and one that will insure that those passing will make agents who can conduct their business in the interest of the public.

In connection with the counter-signature controversy which at times has reached serious proportions, Mr. Hamilton said that if companies deduct com-



ENJOYING SOCIAL SIDE OF ILLINOIS ASSOCIATION CONVENTION—Ross L. Weller, Springfield, chairman of the reception committee; John Rodemeir, group department manager of Continental Assurance; Harry Walsh, Elgin; Robert Hausheer, Continental Assurance; C. A. Schryver, Springfield; Mrs. Weller, and Elmo Johnson of Chicago who was named chairman of the casualty committee.

ing with the legislature, and with the efforts of all three associations now being coordinated much more can be accomplished in the future for the benefit of the business. The constitution and the by-laws of the council are so worded that any action taken must be by unanimous consent.

Merle Read's Report

Mr. Read in his report noted that the membership of the new executive committee of the National association includes no representative from any large metropolitan center. "We in Illinois value the memberships in our association of the many fine agents in Chicago," he remarked. "They have contributed freely of their time and money to make the association of lasting good to the business. We cannot therefore sit by and see the interests of these members here and elsewhere disregarded. We recognize there may be troublesome problems inherent in counter-signature laws, etc., but these problems can and should be met with sincerity of purpose to the end that the business will continue to grow and prosper. The large and the small agent are riding on the same road and have the same ultimate objective. This self-evident fact must be recognized by the present administration of the National association."

The seven-point commission recommendation made at the N.A.I.A. Chicago meeting was read by Mr. Read and unanimously approved. He reviewed the history on the Escott plan filing in Illinois and it was voted to have Walter M. Sheldon, executive vice-president of W. A. Alexander & Co., Chicago, represent the association at the insurance department's Escott plan hearing late this month.

Mullen New Regional V.-P.

H. W. Mullen of Rockford was the only new regional vice-president to be elected. Holdovers are Emil L. Lederer, president of Stewart, Keator, Kessberger & Lederer, Chicago; Harold H. Cooley, Kankakee; Harold R. Irish, Decatur; C. A. Bryant, Peoria; J. F. Prola, Springfield; W. P. Morrissey, Alton; E. M. Rolwing, Cairo; J. T. Colnon, Ridgeway, and Cecil Satterthwaite, Salem. Mr. Satterthwaite was awarded the William Jennings membership cup which each year goes to the regional vice-president doing the most outstanding membership work.

Three committee reports were of especial interest. R. B. Ayres, Chicago, head of the accident and fire prevention committee, reviewed what has been done in driver education and explained how programs may be set up in communities where they do not now exist.

L. W. Zonsius, Conkling, Price & Webb, Chicago, in his casualty committee report stated that the principal concern has been with the threat of the National Council becoming the rating organization on compensation risks in Illinois. Under the National Council, he warned, all flexibility in rating will not be considered, resulting in a rigidity of rating plans which the association always has opposed. The insurance director is at present concerned with justification of the present plan, believing it may be too elastic since no objective standards are used to measure the credit factors. Mr. Zonsius asserted that it is impossible to measure some of the credit factors as they relate solely to intangibles.

Knocks "Knock Knock" Agreements

Ray L. Britt of Danville as chairman of the automobile, fire and marine committee called attention to the so-called "knock knock" agreement which some companies are using. He termed it contrary to public policy and commended the Adjusters Assn. of Chicago for its attempts to correct the situation. Unfortunately, he said there is no organization outside of Chicago to help combat the practice.

The sales presentation concerned with meeting mutual competition delivered by Austin T. Flett, Chicago, and John T. Even, assistant western manager of Fireman's Fund, which also was given at the N.A.I.A. annual meeting was a convention highlight. Considerable effort was expended by the two men in writing the presentation, which runs the gamut of arguments favoring mutuals, showing



Taking time out from official duties at the Illinois meeting are Ray L. Britt, Danville, chairman of the automobile, fire and marine committee, and Frank H. Hawk, Peoria, who was reelected president.

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the stock company answer for each, but judging from the reception it was well worth the time. Though it is quite lengthy the audience was attentive throughout the presentation.

"Comprehensive General Liability Contract vs. Old Time Liability Contracts," was the subject of W. A. Simonson, assistant manager of the western department of Employers group. Many producers, he said, are still selling old time liability contracts instead of comprehensive general liability policies. He considers this an indictment of agents, brokers, and company underwriters and field men alike, since only those unusual risks, for which company underwriters want to offer limited coverage, should be written on an old time liability contract.

Erroneous Belief

Many producers erroneously believe that the comprehensive general liability policy is simply a combination of the O. L. & T.; manufacturers and contractors; owners and contractors protective; and elevator policies. Actually it is broader than a combination of these policies because there are fewer exclusions involved. The comprehensive policy is the nearest thing in the third party liability field to an all risks policy for those exposures other than automobile.

Advantages of the comprehensive policy over a combination of old time liability contracts, both from the insured's and the producers' standpoint, are many, Mr. Simonson said. He listed some of these as the coverage of additional exposures developing during policy period; exposures existing but unknown at the time the policy is written; automatic coverage for liability assumed by insured under several types of contracts; protection not only on maintenance work, ordinary repairs and structural alterations, but, also, for operations that involve new construction or changing the size of the building regardless of whether the work is done by the insured's employees or by an independent contractor.

List Benefits

Mr. Simonson pointed out that from an expense standpoint, both the broker and the general agent benefit from use of the comprehensive policy. There is only one policy to write, one premium to bill and collect and less bookkeeping for both the agent and the insured resulting in less handling expense for both.

It is possible to write the comprehensive policy immediately and allow credit for the old time liability policies in force up to their expiration dates, Mr. Simonson pointed out.

Fire Legal Liability Coverage

While the comprehensive policy does not give the insured complete fire legal liability coverage, because it excludes coverage for damage to property rented or occupied by, or used by, or in the care, custody and control of the insured, it does cover fire damage caused by accident to neighboring properties. The policy's broad, automatic coverage, Mr. Simonson stated, relieves the agent of much detail and worry about coverage for additional exposures which insured may develop during the policy period. If it is sold as it should be, covering all the insured's exposures with adequate

limits, the producer relieves himself and insured from much work during the policy period. The producer should make certain that insured understands fully the premium computation whereby exposures insured automatically are also automatically billed.

Patrick J. Leen, manager of W. H. McGee & Co., Chicago, explained how the personal property floater compares with a fire and E.C. policy plus residence and outside theft coverage. He said that even though the P.P.F. is a little more expensive, the difference becomes almost negligible when coverage is written for three years. Besides, he continued, the coverage is much broader and more than worth the higher premium.

Tell of Disadvantages

Describing the P.P.F. as an all-risk floater for all personal property, Mr. Leen said it is primarily a family policy. Often accurate procurement of estimates is difficult to obtain, thereby slowing up many sales and eliminating some potential buyers.

It is important to remember, Mr. Leen cautioned, that even though the P.P.F. is much broader than a combination of policies, it does have some limitations and assured should be informed of these as well as of the advantages.

Mr. Leen considers exclusion 7(o) of the P.P.F. as one of the most difficult clauses to interpret. It states that the policy does not cover "against breakage of eye glasses, glassware, statuary, marbles, bric-a-brac, porcelains and similar fragile articles," unless caused by theft, malicious mischief, fire, etc. There is no difficulty with "eye glasses" or "statuary," Mr. Leen said, but the question is "What is glassware?" The key is in the word "ware." Generally speaking any article such as dishes, jars, bowls, bottles, pitchers, trays and lamps made of glass are glassware, but flat

Pictured at the Illinois agents' annual meeting are W. W. Hamilton, association manager; Ralph Jones, Continental Casualty, and Chase Conover of Chase Conover & Co., Chicago.



sheet or plate glass do not come within the meaning of this word. "Marbles" are objects of marble, and not flat marble.

The principal trouble is in defining the words "similar fragile articles." "We don't say 'breakable' or 'brittle' articles and we know that lots of fragile articles are not breakable; by the same token, many breakable or brittle articles are not fragile," Mr. Leen explained. "To come within the meaning of these three words, the articles must be similarly fragile to eye glasses, glassware, statuary, etc. Real plate glass is a quarter of an inch thick, and we don't look upon plate glass mirrors or table tops as being fragile. Further than this, the clause refers to articles and not parts of articles, so in considering whether an object is fragile, it must be taken as a whole. Accordingly, if you have some fragile glass parts of an article which is otherwise largely made of wood or metal, you do not have a 'fragile article.'"

The public relations program being

carried on by Illinois Fire Underwriters Assn. was explained by the committee chairman, X. R. Royster, special agent for Citizens of the Hartford group. He told of the speakers' bureau and film service which is available to agents upon request and mentioned that this year a campaign is being planned to interest the many colleges in the state in providing insurance courses.

There were no speakers at the banquet Monday evening. The agents, many of them for the first time, had the opportunity of meeting the new insurance director, J. Edward Day. Mr. Day introduced department members, all of whom were guests, and in a few words espoused a policy which no doubt was welcomed by all who heard him. He said that the main policing of the business is and should be done by the business itself and by the many associations of those connected with it.

Some very professional entertainment sponsored by Millers National and Illi-

(CONTINUED ON PAGE 30)

Illinois Sidelights

H. A. Trenholm, Rockford service office supervisor; James Brower, northern Illinois special agent, and James Rupp, central Illinois special agent, carried the American colors.

One of the best represented agencies was the Schiemer agency at Columbia. Charles L. Schiemer and his three sons, Carl L., Louis C. and Robert H., all agency members, were registered.

Those dropping in at the Aetna Casualty rooms enjoyed the hospitality of Donald K. Weiser, manager; H. A. Blair, St. Louis manager, and George Vogeding, superintendent of agents. Automobile of Hartford men present were H. B. Bezanon, assistant secretary from the home office; J. W. Barry, assistant manager western marine department; A. J. Meyer, fire state agent; J. E. Dinnsen, marine special agent, and G. R. Nordgren, fire special agent.

R. A. Hitz, manager Springfield division, and Walter Hughes, claim manager, were in charge of the Hawkeye-Security headquarters.

Illinois National Casualty played host to a goodly number of agents in its headquarters. Home office people on hand were C. L. Morris, secretary and general manager; W. B. McKenzie, vice-president and treasurer, and D. K. Sando, casualty supervisor.

Two attendance prizes of \$7.50 were won by James Rupp, special agent for American at Decatur, and J. H. Wolfe, of the Sanks agency at Decatur.

H. C. Perry, general agent, Chicago, and C. M. Wilcox, Illinois state agent, were in charge of the New Hampshire Fire banner in its headquarters.

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Kentucky Agents Name J. C. Hulett As New President

N.A.I.A. Efforts to Simplify Policy Forms Endorsed in Resolution

LOUISVILLE—Kentucky Assn. of Insurance agents at its annual meeting here advanced James C. Hulett, Frankfort, from vice-president to president, succeeding Hiram E. Redmon of Ashland, who presided at all sessions. C. S. Gardner, Owensboro, became first vice-president; Hendree B. Milward, a member of the executive committee, became second vice-president, and Peyton B. Bethel, Louisville, veteran secretary-treasurer, was reelected.

The new president immediately named Sharidan C. Barnes, Elizabethtown, to continue as state national director. He will later name the members of the executive committee.

Policy Simplification Endorsed

A resolution was adopted giving full endorsement to the National association's effort to secure insurance company and Actuarial Bureau endorsement of the proposed N.A.I.A. policy that would reduce the voluminous present-day policies. This resolution followed a talk on the subject by Arthur M. O'Connell, Cincinnati, chairman of the N.A.I.A. property insurance committee. Norman Chrisman, Pikeville, former national director, made the motion after Mr. O'Connell's talk, that the Kentucky association approve of the National association planned policy.

It was reported that attendance at this meeting was the largest ever recorded at an association convention.

Starting with a dinner Sunday evening of the officers, executive committee and past presidents, there was an executive committee breakfast Monday morning, and the convention got under way that afternoon with the report of President Redmon. Commissioner Southall discussed the department's efforts to administer the new insurance code.

Miller Hits Socialistic Planning

Melvin J. Miller, president of N.A.I.A., discussed past and present, as well as future planned programs of the national. Mr. Miller held that socialistic planning is a threat to private insurance business, and urged the agents to rise in "inspired and righteous indignation" against such planning and action on the part of the federal government. He argued for activity on the part of all national, state and local insurance associations, as well as "votes, votes and more votes in the grass roots," if the industry is to be saved. Mr. Miller urged the agents to work continuously for effective insurance law, "so that only those properly qualified may have the privilege of being called an insurance agent." He held that there are ways to overcome such problems as "direct sellers," self-insurance practices and federal government threats. He said the first goal should be to continue to raise the professional standards of the business; second, to learn the fine art of settling problems and differences at conferences of companies, agents and regulatory bodies meeting together at the same table.

A number of speakers discussed the new insurance code, which it is felt is

Washington UCD Bill Is Smothered in 3 to 1 Vote

Returns from all but a few precincts show that in the Nov. 7 election the voters in Washington overwhelmingly defeated the proposed state unemployment compensation disability law by a margin of 440,491 against to 184,017 for. An analysis of the returns indicates that every legislative district in the state voted against the UCD law.

The result is a major legislative victory for the Washington Assn. of Insurance Agents, who initiated the referendum idea. Active campaigning against the measure was carried on by the agents in cooperation with Washington Life Underwriters Assn., several domestic companies, principally Northern Life of Seattle, and the local doctors.

Help from Teamsters Council

Last minute help came in the form of an active campaign against the referendum by the joint council of teamsters. This represented a split in the labor ranks, since the state federation of labor was the original sponsor of the measure.

E. H. O'Connor, managing director of Insurance Economics Society, who stumped the state for three weeks making 18 talks against the bill, said that the vote should have a powerful effect on the actions in other states where similar measures may be introduced. This was the first time that the voters have had an opportunity to express themselves on pay check deductions legislation and the result was decisive.

something of a buffer to possible assumption of federal regulatory powers, but which still has many rough edges to be polished out.

R. B. Gallagher, manager of the insurance department of Philco Corp., under the heading "Choose Your Partners," discussed insurance and the agent from the viewpoint of the insurance buyer.

Tuesday morning a report on National association matters was made by Mr. Barnes.

Mr. O'Connell put on a regular show to compare an extremely voluminous policy, with many endorsements with the one proposed, as he did as the N.A.I.A. meeting.

Report on Chicago Discussions

A. G. Harrison, Louisville, reported on a meeting with W.U.A. at Chicago last July and various discussions regarding fixed equipment, buildings and contents, boiler and machinery, the five-year plan, multiple locations, subrogation, church windows, work and materials etc.

Jack Musselman, Louisville, spoke on "The Assigned Risk Plan," and why it is necessary to get as much information from an applicant at the start, even if it means a little more time, in that it will save time eventually, when the actual record of the applicant is brought to light. Normally they only tell about being in trouble once, and fail to tell the whole story, unless prodded.

Charles J. Baugh, assistant commissioner of insurance, and James O. Creal, attorney for the Kentucky department, handled a forum on the insurance code, in which they endeavored to answer about 20 written questions and many coming from the floor. Many of these revolved around controlled business, what control is, and just how far a solicitor or agent could go without being in the controlled business class.

Claude D. Minor, president of Virginia F. & M., outlined in his talk the qualities necessary in an agent if he is to meet his responsibilities to his companies and to his insured.

Mr. Minor stressed that the foremost

N. D. Solons Off to View Insurance Socialism in Canada

Members of the North Dakota legislative research committee set off Sunday for Regina and Winnipeg to study the ventures in those provinces in the way of governmental automobile insurance or government guarantees to victims of auto accidents. They are acting pursuant to a resolution of the legislature to see whether North Dakota ought to get into the automobile insurance business.

The committee will have the assistance of two actuaries who have been loaned for this mission and will serve in the capacity of consultants. They are Arthur Bailey of the New York insurance department and H. E. Curry, actuary of State Farm Mutual Automobile.

Set Jan. 8 as Date for Trial of Omaha Dispute

A trial date of Jan. 8 has been set for trial of the action by the group of policyholders of Mutual Benefit H. & A. in Douglas county district court, Omaha, to restrain that company from paying \$23½ million for the stock of its affiliate, United Benefit Life. Judge Chase will preside.

For the past 2½ months the attorney for the policyholders, Abraham L. Pomerantz, New York, has been taking depositions from C. C. Criss, chairman of United Benefit Life, his wife, Mabel Criss, and N. L. Criss, treasurer, in addition to the officers of both companies. Legal proceedings have been under way at Omaha and New York.

The policyholders contend basically that Mutual Benefit H. & A. put United Benefit Life in business in 1926 and that the company therefore, should not have to pay anything for the stock of the affiliate.

Reporting Service Ups 2

Informative Research, Los Angeles insurance inspection reporting service, has promoted Clifford Post to assistant production manager at San Francisco. Mr. Post has been special representative at Sacramento.

Mr. Post is succeeded at Sacramento by George Head. Informative Research has made remarkable progress in the investigative field and will announce plans for further expansion the first of the year.

Names Marbury for Ark.

Preferred Accident has appointed William A. Marbury & Co. as managing agents for Arkansas. They have been operating in this capacity for Louisiana through their Ruston office.

A. L. Hamilton has been employed as special agent in Arkansas.

Kuhn No. Cal. President

Newly elected officers of Surety Underwriters Assn. of Northern California are: Carl H. Kuhn, Fidelity & Deposit, president; Donald Stevick, Standard Accident, vice-president, and James H. Wells, American Surety, secretary.

qualification is a knowledge of the business and this is the one item that is a necessity if an agent is to be successful.

Among the other points, Mr. Minor mentioned affability, a good personality. He said this could be a cover-all for ignorance, but should be used rather to promote the welfare of the business. Enthusiasm, willingness to work, integrity are also basic qualifications, he declared.

Package Policy Has Big Future, Also Offers Headaches

Atlantic Mutual Officer Opines National Rating Organization Inevitable

Louis R. Burbach, vice-president of Atlantic Mutual, in addressing Mutual Insurance Advisory Assn. Tuesday, said that the new competition that is being generated by multiple line underwriting will ultimately lead to better protection, wider sale of the protection and improved service.

The business is just beginning to tackle the matter of package policies and is faced with complexities and difficulties in this task.

In the liability field there is a type of package policy that is all risk within a selected sphere, usually with a single insuring clause, a few needed exclusions and a single rating base with no option on the part of the buyer with respect to perils insured or rate charged. This is exemplified by the comprehensive personal liability form.

Then there is all risk within a selected sphere, usually with a single insuring clause, a few needed exclusions, multiple rating base and the burden placed on the insurer to obtain a proper premium for all exposures present in the risk and no obligation on the part of the buyer to pay for exposures not present. The comprehensive liability policy is an example here. He said that major emphasis is likely to be put on the second type of package which recognizes and deals successfully with the dual problem of measuring existing exposures and segregating non-existing exposures.

No Marked Saving

This type of package does not make possible any marked saving in operating cost that can be passed on to the policyholder because where pure premium is greater than expense loading, companies have not been able to eliminate the multiple steps in the rating and processing of the risk for fear that gross inequities in the rates will result with all the underwriting and competitive dangers.

Then there is the third type of package best exemplified by the combination auto liability and physical damage policy. This, however, accomplishes no more than do separate policies with respect to achieving better insurance at lower cost. The coverage is not improved and cost differentials are too narrow to be recognized in rate making.

He said that exposures calling for small pure premiums can easily be integrated in the first type of package. Exposures calling for larger pure premiums can only be integrated in the type two package and pure premiums fall in the small or large category depending on their relationship to the needed expense loading for the insurance of the individual exposure.

Burglary and Glass

The speaker concluded "reluctantly" that property and liability insurance cannot be provided in a single insuring clause and that a single rating base cannot be employed in writing property and liability insurance. However, he predicted that property insurance will

(CONTINUED ON PAGE 38)

Warns of Need for Adequate A. & H.

NEW YORK—To brokers bemoaning poor business, Superintendent Bohlinger of New York recommended selling accident and health coverages. Speaking at the annual luncheon of Insurance Brokers Assn. of New York, he suggested that commissions are good, contracts are flexible, and while competition is plentiful, there is still a great untouched potential.

A. & H. has been a stepchild of the business, he said. This is strange when the volume 25 years ago is compared with the more than \$1 billion of premiums in 1949. However, though there are 66 million people covered by A. & H., there is a population of 150 million, leaving a large potential market.

Loophole Needs Closing

This is not just an opportunity to make a dollar, he warned. There is in addition the more important job of meeting the challenge of possible government intrusion into insurance. Government officials point out the woeful lack of adequate coverage in A. & H., emphasize the fact that it is a social

form of insurance (which it is), but unfortunately private insurance has not done an adequate job of protecting the public. Once government enters this field, private insurance no longer can compete in it, Mr. Bohlinger warned.

Private insurance can beat the government any day in the week, he declared. It is more flexible, it is not subject to political pressure, and it can take care of the people. But there still remains much to be done. For example, he knows of no company, he said, that is yet offering catastrophe cover in the A. & H. field.

Must Take Care of Public

Unless the business takes care, it is going to provide an argument for those with political nostrums and panaceas. To meet the arguments of the advocates of government intervention, it is necessary to do something. One thing is to take care of the employer with 20 to 30 employees. It is a great field, but the time has arrived, perhaps it is almost overdue, to face reality, the necessity of taking care of the public. Lieut. Gen. Leslie R. Groves, who headed the Manhattan atomic project during the last war, spoke.

President Eric W. Peniston presided and introduced at the head table: S.

Stanley Gray, treasurer of the brokers' association; John O. Cole, secretary; George F. Sanford, 2nd vice-president; A. W. Foss, 1st vice-president; Clifford C. Thomas, director, and George H. Ort, executive vice-president. In addition there were on hand Paul L. Bleakley, counsel of the New York joint legislative committee on insurance rates and William F. Condon, state senator, who is chairman of that committee.

G. W. Crist Named Insurance Professor at U. of Florida

G. William Crist, who until recently was vice-president at New York for Fidelity & Deposit, has been appointed associate professor of insurance at the University of Florida at Gainesville.

Mr. Crist joined F. & D. in 1929 as a special agent after having operated a local agency for a time in Florida. Later he went into the underwriting department at the home office, and subsequently served as assistant manager at Newark and manager at Memphis. He was appointed New York manager in 1934 and in 1939 became vice-president. He resigned about four months ago.

He was educated at Virginia Military Institute, U. S. Military Academy and Harvard.

Injured When Fiance Wrecks Car, Collects as His Wife

A Kentucky circuit court jury has awarded \$1,300 to Mrs. N. V. Brown for injuries sustained in an automobile accident while riding with Mr. Brown, who at the time was her fiance.

The accident occurred on May 3 when the car left the road and overturned, injuring Mrs. Brown, who was then Miss Mary Gosser. The couple was married July 14, and only three hours earlier, Miss Gosser's mother filed suit against Brown on behalf of her minor daughter. Brown's insurer paid the bill.

Record of Young Drivers Continues to Worsen in N. Y.

The August record on motor vehicle accidents in New York state shows that though miles of travel increased only 6%, personal injury accidents totalled 9,037, up 13% and property damage accidents 16,318, up 20%. The cost of P.D. was \$6 million, increase 28%. Fatalities declined 9%, notably in greater New York and in rural areas. The increase in fatalities came from urban communities upstate.

The report of the state bureau of motor vehicles shows teen age drivers were involved in 499 accidents, 21 of them fatal. There were 509 drivers in this age category. Of this number, 100 were involved in accidents between 12 and 6 a.m., and the accidents resulted in nine fatalities.

The high number of deaths show the seriousness of these early morning accidents, the bureau reports. The early drivers seem to feel all controls are removed, and a spirit of lawlessness prevails. There is a prevalence of arrests for stolen cars, unlicensed driving, falling asleep at the wheel and other factors revealing gross negligence, which do not frequently occur during normal driving hours. Juvenile drivers appeared at fault in 66% of the accidents, blameless in 23%, and of doubtful status in 11%.

Self-Insurers' Convention

Self-Insurers Assn. will hold its annual meeting and dinner at New York City Dec. 14, preceded by an all-day meeting. The association will elect a board of managers.

T. J. Mahoney of the Borden Co. will discuss decisions of the past year under the New York workmen's compensation law. Dr. Leonard J. Goldwater of Columbia University will talk on workmen's compensation and heart disease, and James Moore, workmen's compensation board of New York, will eye the New York disability benefits law.

Ariz. W.C. Limit Petition Loses Out

Insurance men were somewhat taken back by the election results in Arizona when it was discovered that the initiative petition to amend the workmen's compensation law so as to provide for maximum benefits was defeated by 4,000 votes.

The Arizona law carries no maximum monthly benefit and no total maximum compensation. There is a state fund and it writes the bulk of the business since many of the companies are wary of stepping into a situation where the sky is the limit. This also applies on interstate risks, where, for example, a workmen's compensation line on a movie studio working on location in Arizona offers tremendous potential hazards.

The initiative petition was sponsored by Arizona Council of Associations, an employer group. It would have provided that in computing maximum monthly benefits, all wages above \$300 would be excluded, and total payments to beneficiaries for a deceased worker would not exceed \$25,000.

The issue was somewhat clouded because the state federation of labor sponsored a petition to make the association maximums the minimum benefits. However, this was not on the ballot. The labor petition was taken to court and it was discovered that there was a large number of wrong signatures. It is thought that the public got confused in the matter, even though there was only one petition to vote on.

Wis. Blue Cross to Raise Rates 18% Jan. 1

Associated Hospital Service, the Wisconsin Blue Cross plan, on Jan. 1 will increase rates approximately 18% for nearly all of the 700,000 members. The only ones not affected are 48,000 who are members of the comprehensive and non-group plan.

Rates in the standard group will increase from 90 cents to \$1.10 monthly for single subscribers, and from \$2.30 to \$2.90 for family subscribers. Conversion and direct pay group rates will increase from \$1.20 to \$1.40 and from \$2.75 to \$3.20 for single and family subscribers respectively.

The Blue Cross raised its rates last February, and a spokesman said the increase was based on the theory that hospital charges would not continue to rise. However, charges in the first three months of 1950 were \$2.08 higher per case than in the same period of 1949. In 1949, one out of eight Blue Cross subscribers went to a hospital, while one out of seven has gone in 1950. Admissions were 13% greater in the first eight months of the year over 1949.

Associated Hospital Service is in the red about \$140,000 this year and lost about \$72,000 last year.

Neil H. Reynolds, who has just been named assistant secretary of all companies of the Aetna Fire group, was for 14 years Chicago claim division manager of Century Indemnity. He joined that company in 1929 as an adjuster at Chicago. He became claim manager at Syracuse and served as supervisor and assistant manager at Boston, returning to Chicago in 1935 as manager. He joined the home office law department in 1949. He is a law graduate of University of West Virginia.



Neil H. Reynolds

Albert Hetzel, brake and wheel engineer, spoke before Casualty Insurance Adjusters Assn. at Los Angeles on "Development of Evidence for Court Trials in Relation to Force and Impact."

COMPREHENSIVE AUTOMOBILE AND PERSONAL LIABILITY POLICY



\$10,000 paid to a child who was severely injured in an auto accident . . . \$6000 to a girl who was blinded by a dart thrown by a boy at a party . . . \$3000 to a boy who was hit by a shot from a friend's rifle. These are just a few of the liability claims paid out in recent weeks on behalf of policyholders who have the *Comprehensive Personal and Automobile Policy*.

Are YOUR clients protected under this fast-selling contract, which combines *automobile AND personal liability* coverage in one broad "occurrence" policy? For the policyholder, it's just like having MONEY IN THE BANK when a claim for damages comes up!



American Casualty Company

OF READING, PENNSYLVANIA

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Three Mutuals to Reduce W. C. Dividends by Jan. 1

Employers Mutual Liability has announced a reduction in its dividend rate on workmen's compensation business from 20% to 15% effective Nov. 1. On all other classes of business except automobile, on which the current rate is 15%, dividends will be reduced from 20 to 15% as of Dec. 1.

Liberty Mutual, it is understood, will take similar action as regards compensation business effective Jan. 2, and Hardware Mutual Casualty will reduce its casualty dividends Dec. 1 from 20 to 15%.

The reduction on compensation is a move on the part of the mutuals that has been anticipated for some time. When the premium discount and retrospective plans were introduced about 1943, it was generally thought that the mutuals would be able to hold the line at 20% for about two years. These plans, even after the non-stock adjustment factor is taken into account, have been cutting into the expense factor in the rate, and this is where the dividend money is found. Company underwriters point out that they have experienced until recently an unexpectedly good loss ratio and have been able to refrain from changing the dividend scale for that reason.

Now that losses are tending to increase, and this is coupled with increased adjustment costs, some of the large compensation writers are being forced to take action.

Bankers Appraise Gains in Latest Insurance Revision

American Bankers Assn. estimates that the latest reductions in rates for bank burglary and robbery policies will produce premium savings of \$182,000 annually. The reductions benefit principally banks in cities of less than 25,000 population.

A.B.A. observes that such policies are now carried mostly for excess insurance above bankers blanket bonds. However, they are still written as primary insurance for a few hundred banks that do not have blanket bonds. For banks with burglary and robbery policies as primary insurance, the premiums are reduced from 12 to 45%.

A.B.A. also comments on the improvements in the coverage afforded under the bank safe deposit box, burglary and robbery policy. The limitation to 10% of the amount of insurance that may be applied to any one box is eliminated without any additional premium and money may now be insured at 100% increase in the rate applicable to securities and all other property except money.

Other Gains on Way

Other proposed improvements in the bank deposit box cover are to be given effect when a completely revised policy is promulgated early next year, according to A.B.A.

Apart from the dangers of war, A.B.A. states that the embezzler continues to be the banking fraternity's enemy No. 1 among criminals with forgers a close second. The insurance committee of A.B.A. is endeavoring, it states, to develop more effective means of penetrating the boards of directors of banks, particularly the smaller institutions to enforce more rigid controls against hazards of dishonesty from within the banks. The greatest difficulty is encountered in the smaller "one-man" banks where the culprit is the one man in charge. Here the embezzlers operate alone from behind their own iron curtains and are in position to inflict losses upon banks in amounts higher

than their blanket bonds and capital structures. To them anything resembling good auditing and control is about as welcome as an open gate to the penitentiary. The best cure is a demand for directors who direct.

Crimes of violence reported by banks during the past fiscal year reveal the fact that the number of attacks attempted and frustrated continues high. Forty-two out of the 137 attacks reported or 30% were stopped at the banks. Also the number and amounts of recoveries were high. The net loss of \$164,549 would have been higher by

\$252,000, the latter being the amount recovered in 34 of the 65 holdups.

Coast Contracts Awarded

L. E. Dixon Co., Arundel Corp., Hunkin & Conkey and American Pipe & Concrete Co., were low bidders at \$25,967,921 for construction of the Chief Joseph dam, Columbia Basin Project, near Bridgeport, Wash. Fidelity & Deposit is on the bid bond.

John A. Terteling Sons Co., Boise, Ida., has been awarded the contract at \$1,043,274 for certain work on the

Columbia Basin Project near Coulee City, Wash., Maryland Casualty will execute the bonds.

Vinnell Co. Alhambra, Cal., was awarded the contract for four additional buildings at the El Segundo plant of North American Aviation Co., at \$1,200,000. Hartford Accident has executed the bonds.

J. K. Dyer, office manager of Allegheny General hospital addressed the November meeting of Pittsburgh Assn. of A. & H. Underwriters on "The Agent's Relationship to the Hospital."

"Unforeseen events . . . need not change and shape the course of man's affairs"



Down . . . and out \$12,000

NO COMPANY is holdup-proof. Bandits rob every sort of business—retail stores and movie theaters, factory offices and restaurants. *Your* business may be the next on the list.

The safest, surest guard for payrolls and other company funds is The Maryland's Money and Securities Broad Form Insurance. This type of policy protects your cash and securities not only against holdup, either outside or inside your premises, but also against loss by safe burglary,

disappearance, or theft by other than an employee. Destruction by fire, flood, windstorm, or similar disaster is also covered.

How much Money and Securities coverage should your firm carry? Ask your Maryland agent or broker. He has the training and experience to advise you. See your Maryland representative today. It may save you money tomorrow.

Remember: because your Maryland agent knows his business, it's good business for you to know him.

MARYLAND CASUALTY COMPANY

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All forms of Casualty Insurance, Fidelity and Surety Bonds, for business, industry and the home, through 10,000 agents & brokers

Here is another timely advertisement in The Maryland's striking campaign designed to help agents and brokers sell more Money and Securities Broad Form policies.

Oppose Publicity Feature in D. C. Auto Finance Rules

WASHINGTON—Insurance representatives lined up against a provision in new proposed regulations for automobile dealers, at a hearing before the D. C. Commissioners Monday, requiring dealers to file with the recorder of deeds complete detailed information on auto insurance in connection with sale of cars.

Opposition speakers were Howard Starling, Washington representative of Assn. of Casualty & Surety Companies; V. Manning Hoffman, president D. C. Assn. of Insurance Agents, who appeared as chairman of the Washington Board of Trade insurance committee, and Ralph Barker, representing the agents association.

American Automobile Assn. and Washington Automotive Trades Assn. also appeared on the regulations.

Insurance spokesmen had no objections to the regulations in the main, prepared by the D. C. license committee, nor to requiring dealers to supply full insurance information to car pur-

chasers. However, they did object to making a matter of public record such information on the ground that it would not be in the public interest and would serve no useful purpose. The information proposed to be required for public filing is defined in the proposed regulation as follows:

"The words 'cost of insurance, and summary of insurance coverage (example: fire, theft, collision, public liability and property damage)' mean the amount, term and premium, stated separately as to each type of coverage (as fire, theft, comprehensive, collision or upset, liability) of all insurance, the premium on which is included in the total amount to be paid by the purchaser; the name of the insurance company issuing such insurance; the name of the broker or agent by or through whom such insurance will be placed or procured and the extent to which each type of insurance will protect the interest of the purchaser."

Mr. Hoffman said publicity of this information would result in increased amount of claims against companies "and it would naturally follow that larger awards would be made by juries, thereby ultimately increasing the rates charged for such insurance."

The commissioners took the matter under consideration.

CAL. RECIPROCAL INVOLVED

U. S. High Court to Hear Assigned Risk Dispute

WASHINGTON—The U. S. Supreme Court "noted probable jurisdiction" in No. 310, California State Auto Assn. Inter-Insurance Bureau vs. Downey. This means the court granted an appeal and will hear the case.

This is an important case and the decision could have far reaching effect on the operation of assigned risk plans. Here this reciprocal insists the state cannot compel it to insure motorists that are not members of California State Auto Assn. It has been on the losing end of the dispute so far.

Advises Group Men to Switch Emphasis to Conservation

With a large portion of the market for new group insurance already covered, insurers must devote considerably more attention to conservation by providing service and keeping their products sold to both employees and management, Berrien Tarrant told the Chicago group supervisors organization. Mr. Tarrant, who was a group insurance producer for many years, recognized this fact a year ago and launched himself as an industrial relations specialist to help management make the value of employee benefits coverage understandable to employees to the extent that they will appreciate what they are getting.

According to the speaker, there is a very real need to dramatize the value of group insurance and pensions to union membership and union officers today, because there have been instances already where unions have elected to throw out so-called fringe benefits already established in favor of wage increases to beat a possible freeze of wages in a war economy. He advised company group representatives to do a survey and selling job at the plants where they have coverages installed, moving among the workers, finding out what they know about their insurance plans and what their opinion is of these plans. An insurance plan can be the most generous offered anywhere, but if the employees do not appreciate it the plan is worth almost nothing.

Must Publicize Plans

Fundamental to clearing misunderstanding or obscurity relative to insurance is the necessity of publicizing these plans. The traditional insurance company approach has been to publish a booklet describing the plan. Though he admitted that many of these booklets are quite good, Mr. Tarrant characterized this as an overworked technique which must be supplemented by other methods. He has found that letters to the homes of the workers are effective as are announcements over public address systems in the plants, explanations of the insurance and pension benefits at foremen's training meetings, insurance elaborations at special conferences for the workers or their representatives, treatment of group insurance at picnics, meetings, and parties, and widespread advertisement of the value of insurance plans through bulletin boards, house organs, union newspapers and movies and slides.

In the same connection, Mr. Tarrant maintained that books on health provided by the insurance companies for the workers have a certain value, but such health books would be more convincing to the worker if they came from their bosses rather than from an insurance company. Workers suspect the

insurer would keep them healthy merely to keep the experience good. He said he has found the unions cooperative and helpful in publicizing group insurance benefits, because the unions want to take as much credit as possible for the group benefits. Explanations of the insurance coverages through all of these media must be very simply done and high in readability, so that sufficient repetition of them will eventually get the idea across to almost every worker.

Mr. Tarrant has found that employees today are demanding the following fundamental features in group contracts: Direct payments to hospitals; unlimited coverage on extras; conversion privileges; coverage of dependents other than wife and children; polio cover.

Show Benefits to Management

The speaker reiterated that it is not only the employee who must be sold and resold, but management must have it clearly demonstrated that the money it has put into coverage will come back in improved employee attitude and output. The group insurance people have got to be able to show the men who run the company that the employees understand the coverage and appreciate it and that existence of the cover has bettered the whole concern. In the almost impossibly competitive and complex group rate situation, Mr. Tarrant suggested that the company people de-emphasize rates and costs as much as possible and concentrate on selling the employer that they offer the type of coverage which will better the worker and in turn increase cooperation between employees and make for more efficient and careful use of equipment. Group can provide better health and greater efficiency.

In this inflationary time, the insurance people should not miss the chance to place stress on the fact that writing fringe benefits in connection with bargaining is far better than presenting additional money in pay envelopes, which does nothing but bid up prices and inflation, he said. Eventually most employees are going to get a great deal in the way of benefits and the present inflationary time provides opportunity for management to push for these fringes.

Set 15% for Time not Worked

The speaker stated that in agitation for increases in insurance benefits under the railroad retirement act, the unions have set 15 1/2% of payroll as a standard amount to be devoted for time not worked, including sick leaves and insurance benefits. Other labor unions are eyeing this as a standard and will be pushing for the same thing, he said. It is not uncommon in many organizations today to find the percentage of payroll paid for time not worked approximates this 15 1/2% or better. This makes a great deal of difference to many firms whose direct labor costs are reckoned at 50% or greater of net sales. The amount devoted to the time not worked payment or fringe benefits can in many cases make the difference between being in the black and in the red. Hence it is of the utmost importance that the insurance companies are able to demonstrate to the employer that he is getting his money back when he invests in employee benefit coverages, he commented.

Aetna Votes Bonus, Salary Hike

A year-end bonus ranging from 3 to 7 1/2% and a salary increase of the same amount have been voted by directors of Aetna Life to 9,000 employees throughout the country.

A talk on "Spites of Life" was given before Hartford County Claim Adjusters Assn. by George Malcolm-Smith of Travelers' advertising department.

Harry A. Swanson, former manager of the insurance department of Farmers & Merchants Bank, Stillwater, Minn., has established his own agency.

The Samuel Ibbittson agency, Hoquiam, Wash., has been purchased by Robert Durney. Mr. Ibbittson died recently.

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Ask your Employers' Group Field Representative how you can
get more good insurance business with our Gismo,

PRONTO!

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INSURANCE COMPANIES

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CHANGES IN CASUALTY FIELD

Thompson, General Re Veteran, Retires

NEW YORK—Samuel E. Thompson, a vice-president of General Re and North Star, is retiring from active management in the corporations Nov. 30. Associated with General Reinsurance for 24 years, he will continue with the firm in a consulting and advisory capacity.

Mr. Thompson began in insurance in 1908 following graduation from University of Maryland law school. Until 1927 he was with U. S. F. & G. principally concerned with reinsurance. He then became a vice-president and director of Herbert Clough, Inc., now a part of General Reinsurance group. Three years later he was made assistant secretary of General Re and secretary in 1937. He was elected a vice-president in 1941. On retirement he will live in Harford county, Maryland, where he was born.



S. E. Thompson

Tarbell Named Chief Actuary of Travelers

Thomas F. Tarbell has been named chief actuary in charge of the casualty and fire department of Travelers.



T. W. Tarbell

Mr. Tarbell joined Travelers in 1927 as actuary in the casualty actuarial department. A graduate of Williams college, he is a fellow of the Society of Actuaries and a fellow and past president of Assn. of Casualty & Surety Accountants & Statisticians. He is presently chairman of the industry uniform accounting committee.

In other casualty actuarial department promotions, H. T. Barber becomes actuary, A. N. Matthews, associate actuary, R. J. McManus, assistant actuary, and H. W. Jones, statistician.

The company has created an accident and group actuarial department, with Ralph H. Maglathlin and Maurice L. Furnival as associate actuaries and Harold F. Lacroix, Jr., as assistant actuary.

D. C. Moon Joins American F. & C. in Mortgage Post

Dwight C. Moon, who for the past 10 years has been mortgage analyst for Mutual Life of New York, has resigned to take charge of the mortgage loan division of American Fire & Casualty of Orlando.

Mr. Moon has spent his entire business life in the mortgage loan business in the New York area. He was educated at Wesleyan University and Dickinson law school.

Fehlman To Western Surety

James M. Fehlman, who for the past year and a half has been engineering supervisor for Atwell, Vogel & Sterling at Chicago, has joined Western Surety as area chief engineer in the western department.

Mr. Fehlman, before joining Atwell, Vogel & Sterling, was for 5½ years engineer at Grand Rapids for Liberty Mutual. He served in the army during

the war and is a graduate of Southwestern Louisiana Institute.

Wishart Trust Division Head

William Wishart has been appointed manager of the trust division of American Surety. Joining the company in 1924 at the home office, he was transferred shortly afterward to the metropolitan branch office, where he was a court and probate bond underwriter for a number of years. After war service

he returned to that branch as a special agent. He was transferred to the trust division last January.

Laibly Joins Dubuque as Casualty Underwriting Head

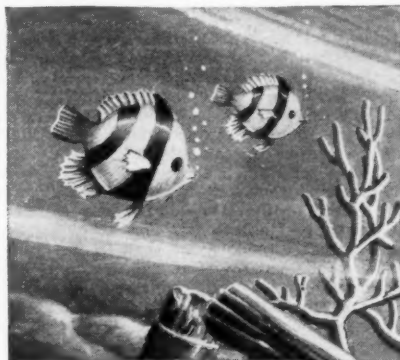
Dubuque Fire & Marine has appointed Norman A. Laibly as underwriting manager of the casualty division, associated with John Pabst, vice-president of Dubuque at Chicago.

Mr. Laibly entered the business in 1930 with Continental Casualty. From 1937 until 1943 he was with American Auto. He served in the army air force,

and since then has been superintendent of compensation and liability for United National Indemnity at Chicago. He is vice-president of Casualty Underwriters Assn. of Chicago.

New Covington Claim Office

John B. Gott has been appointed branch claims manager and Miss Patricia Bader claims secretary of the new branch claims office opened by American States at Covington, Ky. Mr. Gott has been claims manager for American States at Richmond, Ind., for three years and has 10 years in the business.



SUNKEN TREASURE

Eyes of the salvage fleet, the deep-sea diver explores fantastic underwater worlds, to locate sunken ships and cargoes which the sea has swallowed. "Coming up with the right answers" is his specialty.



More than 9,000 F&D representatives can attest to F&D's skill in "coming up with the right answers" to bonding problems; can also vouch for the speed and efficiency with which F&D handles their bonding business.

Because swift, authoritative action is "routine" at all of F&D's 50 field offices, F&D agents everywhere are able to meet their customers' bonding needs with professional competence, no matter how limited their own surety experience may be.

Especially valuable to F&D representatives is the ability of F&D's experts to handle out-of-the-ordinary bonding risks, thereby in many cases enabling the agents concerned to "salvage" worthwhile commissions which had originally seemed out of their reach.

In the bonding industry, as well as in most other fields of endeavor, specialization means superior service.



FIDELITY AND SURETY BONDS
BURGLARY, AND OTHER NEEDED
FORMS OF INSURANCE

FIDELITY AND DEPOSIT COMPANY
Baltimore Maryland

AFFILIATE: AMERICAN BONDING COMPANY OF BALTIMORE

The company continues the office at Cincinnati under W. A. Murphy, which was set up recently to provide complete service in Cincinnati and northern Kentucky for all automobile and casualty lines.

Kensey N. J. Special Agent

American Casualty has promoted William F. Kensey to special agent in Hudson, Bergen and Passaic counties, N. J., succeeding Marvin B. Carpenter, who has entered the general insurance

field. Mr. Kensey formerly was underwriter in the Newark branch.

Paul Named at Newark

Fireman's Fund Indemnity has appointed George A. Paul as superintendent of casualty insurance at Newark.

Leroy W. Drew, formerly in the bonding department of Chas. W. Sexton & Co., Minneapolis, has joined the insurance department of Cathcart & Maxfield as manager of the bond department.

ACCIDENT AND HEALTH

Heavy Operating Deficits in Wis. School Athletic Plans

MILWAUKEE—The public school athletic and pupil accident benefit plans of Wisconsin Interscholastic Athletic Assn. have shown a deficit of \$44,000 in its 20 years of operation, Paul Neverman of Marinette, secretary, reported at the annual meeting here during the state teachers convention. This deficit, he said, has been made up from the receipts of state basketball tournaments, sales of broadcast rights of such

meets and other revenue. The miracle is, he stated, that W.I.A.A. is still solvent.

The heavy cost of maintaining the accident benefit program is the major problem he said. Fees have been raised almost as high as they can go without disturbing the broad coverage now given.

The deficit in the athletic accident benefit plan since it was started in 1930 is \$275,000. General pupil coverage, provided more recently, has paid out \$174,000 against fees of \$103,000 taken in. In many cases requests for benefits

are being made for cases school authorities would have ignored years ago. While a little dab of iodine used to go a long way in those days, today there is a rush to the physician with even the most minor injuries, he said.

The accident benefit plan for public school children covers for any injury incurred while in school or on school grounds during the regular school days; also when students are part of a school group participating in organized activity under the direction and observation of school authorities. The cost for each pupil is 50 cents per year.

Hamilton Is Paul Revere Vice-President for Canada

Paul Revere Life has been admitted to Canada and will establish a Canadian head office at Hamilton about Dec. 1.

William E. Hamilton of Guelph, who recently resigned as cabinet minister in the Ontario government, has been named vice-president and general manager for Canada. He has been active in life insurance sales work for 26 years. Much of that time he has operated an agency established by his father for Sun Life of Canada more than 50 years ago.

Plans call for the establishment of a number of agency offices across Canada and aggressive development of the entire life, accident and sickness line of policies.

Paul Revere agency representation now covers all states, the District of Columbia and Hawaii.

Four Promoted at Home Office of Mutual Benefit

Mutual Benefit H. & A. has promoted Walter Maginn to secretary, Don Madgett to assistant secretary, L. F. Hoebel to assistant treasurer and Don Schonberg to assistant secretary.

Mr. Maginn joined Mutual Benefit in 1931 in the accounting department and in 1938 became supervisor of accounting. He was made assistant secretary in 1948.

Mr. Madgett started at Chicago in 1927 and in 1930 transferred to the home office. For the last four years he has directed the purchasing and supplies department.

Mr. Hoebel joined Mutual Benefit in the investment department in April.

Mr. Schonberg has been with the company 21 years and has supervised the statistical department and more recently has become chief statistician.

Deadline Extended on Senate Health Inquiry

WASHINGTON—Deadline for receipt of answers to the Senate health subcommittee's questionnaire covering operation of voluntary health and similar plans has been extended from Nov. 15 into December, but no new definite date was announced. Committee staff sources said it was found impossible to gather the data desired by Nov. 15. The subcommittee will probably not meet until after most of the material is in hand and compiled.

Morris Pike, associate actuary of John Hancock, has been working with the subcommittee staff by appointment of Republican minority members of the committee. Elling Aannestad, who is attached to the library of congress, was selected by majority committee members as assistant director of the staff and is in charge of the working setup of the committee. Both are said to assist and advise Dr. Dean Clark, staff director of the committee.

Wash. Nat'l Has Wis. Meet

Washington National held its annual Badger State meeting at Madison, Wis., with arrangements in charge of Brace M. Stahl, Madison general agent, and Glenn R. Cramer, Beaver Dam. Company officials attending included G. R. Kendall, president; R. J. Wetterlund, vice-president; A. M. Hanson and

E. P. Oertel, agency supervisors, and J. H. Halverson, assistant secretary.

Charles B. Stumpf, Illinois Mutual Casualty, Madison, past president of International Assn. of A. & H. Underwriters, spoke at the banquet.

Mansfield Is Group Head of Woodmen Companies

Woodmen Accident and associated companies have named Wayland Mansfield assistant secretary and supervisor of the group department.

Since 1945 he has been with Continental Assurance, for four years in New England as supervisor of agency and group departments with headquarters at Boston.

Mr. Mansfield was graduated from the college of business administration of Boston University in 1930 and started in life insurance as an underwriter at the home office of John Hancock. He transferred to sales work in 1937 and for three years represented John Hancock Mutual through the Paul F. Clark agency in Boston. In 1941 he joined the John Hancock group department and for five years served as a home office representative, located successively at New York, Chicago and Cincinnati.

The Woodmen companies plan an aggressive development of group and franchise business.

Life-A. & H. Combination Gives Agents Broader Field

Aside from the fact that A. & H. and life insurance naturally supplement each other, the increase in the number of companies writing both lines is due in great measure to the broader field that is thus given to their agents.

While there are many A. & H. specialists who have made success of writing that business only, some of the companies which formerly wrote A. & H. only found that it was difficult for the mine-run of agents to keep themselves busy or write enough business in that field to make it really profitable for them, with the result that they started writing either life insurance or fire and casualty lines for other companies, often to the detriment of their A. & H. production. These particular companies, therefore, got into the life field in self-protection.

A similar condition has existed, to a certain extent at least, among life companies, and especially the smaller ones. When so many other companies were writing A. & H. along with life, their agents wanted the same privilege and the desire to keep the agents satisfied and allow them to increase their income without going outside of their organization was unquestionably a factor in many cases in their taking on the additional line.

Union Mutual UCD Policy

Union Mutual Life has brought out a complete program of unemployment compensation disability benefits for employers having five or more employees. It is now being written through its Pacific Coast agency, Swett & Crawford.

Plans having a weekly minimum benefit of \$20 to a maximum of \$32, depending on the size of the group, are available.

Doctors, Agents Confer

King County Medical Society and Seattle Assn. of A. & H. Underwriters at a meeting Nov. 8 took up the question of "How Can the Medical Profession and Insurance Men Work Together?" Moderator was Clayton L. Walton, Monarch Life, president of the A. & H. association.

The problems of each group were presented by Dr. Clark C. Goss on behalf of the medical society, and Hubert McLellan, Metropolitan Life, representing the insurance group.


Dr. Goss read a letter recently sent to all A. & H. companies in Washington in which the doctors discussed the prob-



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lems of completing lengthy and detailed reports and called attention to the fact that many patients are of the opinion that doctors are overcharging them because the physician's or surgeon's fee exceeds the schedule in an A. & H. policy.

Participating in the panel in addition to Dr. Goss were: Dr. Ralph H. Lee, president King County Medical Society; Dr. Harold E. Nichols, national committeeman of American Medical Assn., and Dr. Alfred J. Bowles, legislative chairman of the King County Medical Society.

Chicago A. & H. People Fete Orphans Dec. 19

Chicago A. & H. Assn. has set Dec. 19 as the date for its annual Christmas party for orphans. This year 100 boys and girls from a Catholic orphanage and from a Lutheran orphanage will be entertained at luncheon in the LaSalle hotel. There will be movies and entertainment, the climax of which is the appearance of Santa Claus with a clown as an assistant to pass out gifts and candy.

Harold L. Bredberg, National Service & Appraisal, is in charge of the party.

British Conditions Told

San Antonio Assn. of A. & H. Underwriters heard Dr. R. A. Miller, San Antonio physician, speak on the operation of socialized medicine in England as he observed it during a visit there. He declared that unless one has visited England and seen the working of state controlled medical care it is impossible to conceive of the real situation.

Unions Fight Hospital Hike

ROANOKE, VA.—Roanoke Building Trades Council will oppose any increase in hospital service contracts at a Virginia Corporation Commission hearing Dec. 18.

The unions said Hospital Service Assn. and Surgical Care, Inc., which are asking a 20% raise, should "examine their costs, overhead, regulations and administrative practices" to see if an increase cannot be avoided.

Writes Credit Group Policy

Alamo Casualty of San Antonio is issuing a new "installment credit group disability policy" which has just been approved by the Texas department.

Hear Ray at Detroit

Charles E. Ray, assistant A. & H. manager of Hoosier Casualty was speaker at the Nov. 14 meeting of Detroit Assn. of A. & H. Underwriters. His topic was "How Far Have We Come?"

Texas Steering Group Meets

The executive committee of Texas Assn. of A. & H. Underwriters met at Waco with the officers of the association there. A plan for checking on suspended local associations with a review of the problems through letters by the president and secretary to the members of the associations was adopted. It was decided to hold the next meeting at Abilene Jan. 13.

Hal Terry, Aetna Life, Houston, reported on plans for the sales congresses to be held in December. R. L. Gully, Sr., Federal Security Life, was commended for his work on newspaper "ads" which were run in cooperation with the A.M.A. advertising campaign.

Mutual Benefit H. & A. and United Benefit Life has promoted Raymond M. Case to assistant manager at Springfield, Ill. He has been office manager there.

Eliot R. Howard, president of Middlesex Mutual Fire of Concord, and Minott M. Rowe, president of Worcester Mutual Fire, have been elected directors of Mutual Fire of Saco, Me.

Damage to Windows by Building Cleaner's Acid Is Claim Covered by P.D.

Reversing the lower court U. S. seventh circuit court of appeals has held liable an insurer for damage to windows of a building caused by acid being used by the insured contractor in cleaning the structure. The case is Cross et al. vs. Zurich, 7CCH (Fire & Casualty) 292.

Clarence J. Cross was the insured contractor. The window damage was done to the Le Moyne building at 180 North Wabash, Chicago, in 1947. The building was so coated with grime it was necessary to use hydrofluoric acid, which etches glass, as well as muriatic acid. In attempting to avoid acid damage to windows, before and during the application of the acid solution to the walls and while the solution was being washed off, a jet of wet steam was played on the windows. Nevertheless some of the glass was damaged by the solution and the agents of the building and some of the tenants claimed damage. Zurich admitted liability for a claim from Horder & Co. for damage to merchandise by the acid mixture because the windows had not been properly sealed, but insisted that the other

damage was not occasioned by an accident.

The lower court sustained the Zurich position, saying that the contractor intentionally used hydrofluoric acid in the solution and failed to take the precaution of covering the windows with grease or heavy paper. But the higher court said failure to take a proper or effective precaution does not prove intent to damage. The contractor may have been negligent in not keeping sufficient water on the windows but the very fact that water was applied to each window negatives any idea that the contractor intended to damage the windows. And lacking such intent the damage was accidental even though caused by negligence. It is well settled that negligence on the part of the insured which causes or contributes to the injury or damage is not a defense.

The court refused to give the insured an allowance for attorneys' fees under the Illinois vexatious refusal statute, saying that Zurich's refusal here was not vexatious.

Attorneys for the insured were A. Charles Lawrence, Max F. Goldberg, Chicago, and L. H. Vogel, George C. Bunge, R. C. Vogel, Chicago.

Casualty & Surety Field Club of Ohio at a meeting at Columbus made plans

for a Christmas party. The next meeting will be held Dec. 4. Ray H. Miller, manager Ohio Bureau of Casualty Insurers, was made an honorary member.

Burglary Underwriters Meet

The newly formed Burglary Underwriters Assn. of Chicago will hold its first full meeting with a dinner on Dec. 4. Further planning for the organization, which has received the backing of some 50 companies, will be discussed.

New Iowa National Mutual

Iowa Mutual Liability has changed its name to Iowa National Mutual. The change has been approved by the Iowa department.

U. S. Guarantee Extra

U. S. Guarantee has declared a special dividend of 20c as well as the usual quarterly disbursement of 60c both payable Dec. 22 to stock of record Dec. 8.

The stockholders this year will receive a total of \$2.60 per share as against \$2.40 in 1949.

Kansas City Fire & Marine has been licensed in Connecticut.

American Fidelity of Vermont has been licensed in Oklahoma.

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Pensions a Vital Aid in Keeping Insurance Help

Particularly apropos to the insurance business is the deferred pay theory of pensions, Edward A. Green, 2d vice-president of John Hancock Mutual Life, told American Mutual Alliance at its meeting at Boston. In fire, casualty and life companies, retirement pay is considered part of the over-all remuneration system, as are paid vacations and holidays. It is part of the means by which qualified individuals are attracted into employment.

During the mutual meeting, at least one other speaker emphasized the need of increasing fringe benefits of this kind to compete with other businesses and industries for personnel under today's conditions.

Why an Insurance Career?

In recent years white collar workers, including most insurance company personnel, have continuously lost ground in relative economic standing, Mr. Green explained. Insurance people are not bloated plutocrats living off the fat of the land, but are clerks, engineers, sales-

men and technicians such as underwriters, lawyers, claim adjusters and actuaries of moderate means, many of whom might earn more in other businesses. Why devote their lifetimes to insurance? One reason may be good working conditions such as relatively short hours, congenial associates and the type of work that is clean and does not involve undue physical fatigue.

Attracted by Business Stability

Employees also are attracted by the general stability of the business, security of employment and a reasonable living wage. He thinks many more than is generally supposed are probably influenced by a sense of social service. The insurance worker sees life's major financial catastrophes smoothed over for the large segments of the population through the efforts of those in his business—accidents avoided through safety devices and campaigns, disabled employees carried through periods of disability, widows and orphans provided a reasonable living after the death of the

breadwinner, stability added to other industries through the spread of risk principle, etc.

A soundly executed pension plan as part of the system of remuneration is consistent with all of these attractions of employment in insurance. Mental working conditions can be as important to the worker as physical surroundings. Elimination of financial worries, particularly of older employees, and providing opportunities for periodical advancement to younger workers contribute to good working conditions, he said.

The pension plan should be adequate and it must be guaranteed to the fullest extent possible, he advised. Regardless of type of benefit formula used in the plan, the emerging benefit including social security probably should range from around 60% of final pay for the lower paid individuals to 30 to 40% for the higher paid individuals. An examination of several pension plans for insurance company employees indicates that in general the formulas used are geared to about this level of income after retirement.

Current Service Formula

A current service formula used by many insurers calls for benefits of 1% of the first \$3,000 of pay and 2% of pay in excess of \$3,000 for each year of service. Benefits for past service are frequently somewhat lower than benefits for current service. He suggested a change to \$3,600 in line with the change in social security appears to be desirable.

In recent years several pension plans have been amended to put a floor under pensions calculated by the regular formula. Lower paid employees for whom inflation has made retirement pay inadequate have been taken care of by another factor added to the formula providing a minimum pension related to the final pay and years of service.

In general, plans covering occupations such as policemen, firemen, commercial airline pilots, etc., tend to provide for an early retirement while those involving primarily caretakers and night watchmen may provide for late retirement. It would be impractical to retire each individual member of the working force at the precise point he begins to slip badly. Consequently a uniform age is established as the normal retirement age, the age when retirement is desirable for a majority of the employees.

Earlier and Later Retirement

Unusual circumstances may arise calling for flexibility in retirement age. Modern programs now mostly provide for early retirement 10 years before the normal retirement date, at reduced pension payment. While age 60 retirement at full pension benefit is administered without discrimination it seems to have the greatest appeal to those in the management group where the wear and tear of business pressure has been the greatest.

Also, some insurers have incorporated temporary disability annuities into pension plans which make it possible for a person totally and permanently disabled, usually after meeting a service or age requirement, to retire on a disability annuity until his normal retirement date, when his full pension commences. Usually the plan provides for a later optional retirement date under unusual circumstances.

In the insurance business the pension plan usually stipulates that continuation of employment after the normal retirement date requires a vote of the board of directors from year to year. General utilization of this provision can defeat the basic purpose of the plan, he warned.

Over-all Cost Is 10%

The plan should be soundly executed. It has been estimated that in a normal group an adequate pension plan will cost around 68% of total payroll for current service benefits. Past service cost is amortized over a period of from 10 to 30 years, where a well established company with a great deal of past service takes care of the matter by a lump sum

Chrysler Joins Md. Casualty

BALTIMORE—P. Charles Chrysler has been appointed manager of the newly created fire insurance division of Maryland Casualty. He reports to F. John Barclay, vice-president in charge of fire and marine underwriting. Mr. Chrysler entered insurance in 1925 and in 1927 went with Great American on the maps, in 1932 entered field work, in 1941 returned to the head office and has been serving as agency superintendent for the middle Atlantic states.

Shawnee Mutual Parley

Shawnee Mutual of Columbus is holding a sales meeting for its agents Friday at Columbus Athletic Club. Following talks by Walter Robinson, superintendent of insurance, and company President T. Delmont Reese, sales session will be conducted by John G. Kunkel, manager, and department heads.

Claim Managers Rally

The annual fall meeting of Claim Managers Council of Independent Casualty Insurers will take place at the Congress Hotel, Chicago, Dec. 7-8, at which time claim managers from 35 mid-western companies will convene. The program includes addresses by Fred Hanson of Chicago and John A. Appleman of Urbana, Ill.

New A. & H. Bureau Members

New York Life and the five company members of the National Fire of Hartford group have joined Bureau of A. & H. Underwriters.

New England Casualty which will be merged into New England Ins. Co., as of Dec. 31, has appointed William J. Kevan, Jr., as resident claim manager at Portland. He completed law school at New York in 1935, spent seven years with a law firm there, saw army service, became an independent adjuster and did trial work, and in 1949 joined New England Casualty as claim adjuster at New York.

Richard H. Bornemeier has joined Fidelity & Deposit at Omaha, replacing Floyd H. Everett, who died several months ago.

WYMAN R. MILLER, 58, New York insurance broker with offices at 118 William street, died in a hospital there.

single cost, which may be in the neighborhood of three-quarters of one year's payroll. With a 20 year amortization, it might average about 3% of payroll, making the over-all pension cost for past and future service approximately 10% of payroll.

A large majority of the plans providing pensions for insurance company employees are on the contributory basis. This gives employees a greater interest and appreciation of the benefits and increases the retirement amount.

Insured Plan Best

Various funding media are available for use in connection with a pension plan—group annuities on deferred or deposit administration basis, individual insurance and annuity contracts and trust funds. Mr. Green believes the insured plan has the greatest of guarantees for both employee and employer at approximately the same over-all cost.

A pension plan properly drawn with particular attention to adequacy and amount at retirement age and guarantees to the employee through a cost level that can be maintained, reasonable vesting and sound funding will contribute substantially to good working conditions, general stability of the industry, security of employment, reasonable living wage and sense of social service which go with employment in insurance, he said.



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is the contact—*

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Destruction Problems Least of Banks' Record Destruction Policy

NEW YORK — The problems facing bank insurance managers in connection with possible destruction of insurance policies are not as difficult as many other record duplication problems, Thomas F. Glavey, assistant cashier of Chase National Bank, told Savings Banks Insurance Forum at its meeting here. The bank can depend on insurers being extremely cooperative in assisting banks in case all original policies are destroyed.

In large conflagrations such as at San Francisco and Chicago, many policies must have been destroyed, he said, yet there has never been heard any criticism of the companies for failure to honor their obligations following these fires because assured was unable to produce original policies. Actually, the problems following a conflagration must have been greater than they would be after an atomic explosion, he said. This follows because insurers would be responsible for the major part of a catastrophe fire loss whereas they would not be responsible for the damage caused by an act of war.

Most Bank Policies Involve Mortgages

At present, the bulk of insurance policies held by banks involve their mortgage investments, Mr. Glavey said. This means that there is already a duplicate record of the policies held by the bank because the mortgagor customarily retains a copy of the original policy. In the New York area, he commented, most policies are placed through a broker who in turn may deal with a company agent rather than directly with the company. Accordingly, there is a record of insurance carried by at least the bank, mortgagor and insurers. There is also a strong possibility of some record of coverage being maintained by the broker and the agent.

Most banks maintain a card record or expiration ticket record on all policies they hold, Mr. Glavey said. These indicate name of insurer, insured's name, policy number, premises and hazards covered, expiration date and policy limits. If a bank maintained a microfilm record of these cards at a secondary location, there should be no undue difficulty in convincing the insurer of the filmed record's veracity in case all original records, including the insurer's were destroyed.

Other Contracts Should Be Duplicated

A bank may also have bankers' blanket bonds, workmen's compensation and public liability policies, which are important but not nearly so numerous. These, Mr. Glavey stated, could be easily reproduced for storage in a secondary location. Also, it would be well to film copies of any specific letters of contract interpretation issued by the underwriter.

When, as and if war damage coverage is made available, Mr. Glavey commented, such insurance should be kept at the secondary location and the duplicate record maintained at the bank's head office. Obviously, he concluded, if it were necessary to submit claims under such insurance, it would in all likelihood mean that the bank's main office was either damaged, destroyed or inaccessible.

Hawkins Heads Memorial Foundation at Ohio State

COLUMBUS — J. A. Hawkins, agency vice-president of Midland Mutual Life, was elected chairman of the Charles W. Griffith Memorial Foundation for Insurance Education at a meeting at Ohio State University. C. D. McVay, president of Ohio Farmers, Leroy, was named vice-chairman and Dean Kerr of the Farm Bureau companies, secretary. New members of the operating committee are Harry T. Minister of the McElroy-Minister agencies, William B. Hoyer, associate general agent of John Hancock Mutual Life;

S. W. Schellenger, superintendent of agencies of Buckeye Union Casualty, all of Columbus, and Russell Cahall, manager of Western & Southern Life at Dayton. Five members of the faculty of the university also are on the operating committee. Gilbert Moody, Mutual Life, Columbus, was named chairman of the finance committee. Superintendent Robinson was chairman of the nominating committee.

Among the objectives of the foundation for the coming year are the addition of books and materials to the Griffith library; the establishment of two \$500 scholarships for seniors majoring in insurance, and awarding of funds to assist graduate students in insurance research.

Is Memorial to C. W. Griffith

The foundation was set up as a memorial to Charles W. Griffith of the Ralph W. Hoyer agency of John Hancock at Columbus, who was killed in France in the second world war. He was the youngest man ever elected president of Columbus Life Underwriters Assn. The library has been established in an attractive wood-paneled room in the new addition to Hagerty Hall, which houses the college of commerce and administration. It is planned to develop one of the most complete

insurance reference libraries in the country.

Russ Brown, Columbus insurance man, presided at the meeting, and talks were given by Dr. H. H. Maynard, chairman of the department of business organization; Dr. Edison L. Bowers, department of economics; Dean Walter C. Weidler of the college of commerce and administration; Edwin S. Overman, instructor in insurance; John S. Bickley, professor of insurance, and Frank Hafner, president of the University Insurance Society.

Ala. Pond Festivities

The mid-year meeting of Alabama Blue Goose was held at Montgomery. Six new ganders were brought into the pond. During the afternoon there was a bowling tournament which was won by E. B. Hoertz of Progressive Fire, and a golf tournament, in which Warren Gentry, Continental, and H. R. Sewell, Jr., National Fire, tied for low gross. The blind bogey was won by DeWitt Hunt, Commercial Union. Festivities wound up with a cocktail party and dinner and dancing.

Daniel W. Heffernan, local agent at Springfield, Ill., is back at the office part-time after having undergone a seri-

ous operation. He was incapacitated for about three weeks. He expects to go on a full schedule soon.

Three Home Men Promoted

Home has appointed Albert Leiffen as supervisor of special lines in its service department and Paul R. Fielder and Howard F. Fenn, Jr., as special agents in the same department.

Mr. Leiffen joined Home in 1920 and has spent most of his time on sprinkler leakage, explosion, riot, vandalism, earthquake, water damage and rain insurance. He has made a specialty of rain insurance and is considered an expert in that field.

Mr. Fielder joined the company in 1925 and has served in the service department as a counterman, soliciting and handling orders applying out of state for New York brokers.

Mr. Fenn went with Home in 1932 and has spent much of his time in soliciting and handling countrywide brokerage business.

Howard Jelinek, state agent of New Hampshire Fire, spoke before the monthly meeting of Lincoln Assn. of Insurance Agents on "Cold Storage Locker Plant Insurance."

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TOUGH JOB FOR INSURERS

Competing for Workers in Today's Short Labor Market

BOSTON—Personnel problems under today's conditions are a common concern of all insurance companies. What they are and what to do about them were the subject of a panel of American Mutual Alliance here, L. G. Purmort, Central Manufacturers Mutual, presided.

W. J. Hindman, personnel manager Lumbermens Mutual Casualty; H. J. Lowery, vice-president Michigan Mutual Liability, and personnel director American Mutual Liability took different phases of the subject.

The morale and attitudes of employees are more important than ever,



L. G. Purmort

Ralph H. Wales, personnel director American Mutual Liability took different phases of the subject.

Mr. Hindman said. The big shortage in today's war time economy is workers, especially white collar women. This will continue because of defense expansion and also because if unemployment develops the \$25 a week unemployment compensation, tax free, will be too attractive in comparison with \$150 to \$175 a month less tax, lunch and transportation. Clerical workers will prefer this to working.

Get Work Done With Fewer People

The answer is to get the work done with fewer people, and to eliminate some of the work. Production of employees can be increased, he said, by improving employee relations. Executives are too inclined to lose themselves on the technical side of the business and leave the human side to supervisors. They should find out from supervisors—and employees—what the company's employee relations really are. It is not enough for executives to confine

their employee relations activities to a few letters and a speech a year. It is an every day job.

A supervisor can make or break a department. He recommended not selecting for supervision one who can do the work best but one who can do a good job with human relations. He should be interested in employees and anxious to get the work done; the interest and anxiety will get across to employees.

Executives give supervisors too many persons to supervise; 25 is too many, Mr. Hindman thinks. They give him too much department work so that he has too little time to spend on supervision and employee relations.

He recommended a realistic revision of salary scales for employees—and executives. There is a tremendous shifting from one job to another. The inflationary pressures are forcing employees to look for more money.

In insurance there are many routine, monotonous jobs. Rotate them, he recommended. This helps stimulate employees, makes them more flexible, eases the situation in case of high turnover, and facilitates the training of new employees.

Management Holds the Key

The kinds of decisions private business makes in the employee relations field affect how the public feels toward free enterprise, he suggested. This is not just a living but a way of life; decisions of management have much to do with what the whole American way of life is to be.

Competing with other industries today for personnel is tough but has to be done, Mr. Lowery pointed out. The working population is going to shrink for several years; 1930 babies were at an all time low, many women who worked in the second war are raising babies now and are not available. The premium dollar doesn't permit as rapid inflation as other businesses; it takes a long time to get it into the rate.

How can insurers compete? In the Detroit industrial area there are four employee groups — auto manufacturers set the pace on scale and some start file clerks at \$190 a month. Insurers can't meet that. Utilities, another group, pay generally somewhat higher wages. Then come the insurers and banks, and finally retail clerks.

Review Salaries At Once

If salary ranges haven't been reviewed in the last 60 days, he recommended a review at once. This doesn't necessarily mean a flat increase, but there is need to adjust the maximum, in view of the wage freeze that seems almost certain after Jan. 1. In the last war the employer could pay an employee more if he had a definite plan before the freeze.

What else can be done? Fringe benefits, for one thing—group insurance, vacations, profit sharing, etc. These should be increased. Check on former employees who can be hired, and on part time help. His company has found it very satisfactory to have an arrangement with the high schools and colleges, for part timers. This gives the company a chance to study work habits of likely personnel.

Recheck working conditions, such things as lights, air conditioning, etc., he advised. An adjustment in starting and stopping time may help attract or keep employees. People don't like to work under factory conditions.

Insurers can compete for employees, but they must do all they can to make work in the companies attractive.

Real Joint Venture

Make the company a real joint venture of all those working for it, executives and employees, Mr. Wales suggested.

L. D. Brill, president Northwestern Mutual Fire, asked if there were any standard to use as to range of salary schedule. What can an insurance company support, especially above the clerk class. After \$7,500 the company is dealing with an individual, Mr. Lowery

said. There should be ranges and employees should know what they are; they should know what chance they have of getting into a higher level. Mr. Brill suggested the alliance collect figures on spread within salary ranges. His company in the last war had a wide range but the government wouldn't recognize it.

Mr. Hindman said there is a great variation in salary levels across the country and within the community itself. Mr. Wales said in the last war the government approved a range of 30%.

Zone Educational Meeting Held at Concordia, Kan.

The Kansas educational and public relations committee held its first educational meeting of the year at Concordia for agents of the east half of zone 4. Speakers for the dinner meeting included John L. Vorse, Security state agent, Wichita, "Owner, Landlord and Tenant Liability," William Haun, Sheffer-Cunningham, adjusters, Wichita, "Negligence with Respect to Liability Claim," C. B. Frazier, Aetna Fire special agent, Topeka, "The Farm Machinery Floater" and "The Live Stock Floater" and Commissioner Vincent of Kansas Compensation Rating Bureau on "The New Assigned Risk Plan for Kansas." About 42 agents attended, including Cheney Prouty, Kansas City, president of Kansas Assn. of Insurance Agents; Alpha H. Kenna, Topeka, executive manager, and J. J. Wilcox, Emporia, member of the executive committee. Russell Bays, Concordia agent, and State Agent Frank Regier of Corroon & Reynolds, Topeka, were in charge.

Hear Zapp at Fergus Falls

Comprehensive general liability insurance was explained by Warren Zapp, state agent of Royal-Liverpool, at the fall meeting of the Park Region Agents Assn. at Fergus Falls, Minn. He stressed the importance of education of agents to aid insured and conducted a "true or false" quiz on the comprehensive liability policy. George W. Blomgren, executive secretary of Minnesota Assn. of Insurance Agents, told of educational facilities open to agents.

Wis. Town Mutuals Elect

PLYMOUTH, WIS.—George Buelke, Plymouth Farmers, was elected president of Wisconsin Assn. of Town Mutual Insurance Companies at the annual meeting held here. He succeeds Lyle W. Bartelt, Kewaskum attorney, temporary president. Willis Blank was reelected vice-president, and D. G. Whitmore, Union Mutual Fire, Evansville, secretary. Principal speaker was Charles H. Kennedy, Madison attorney, who was recently elected executive secretary of the group and will also act as counsel. The association voted to withdraw from membership in Wisconsin Mutual Insurance Alliance several weeks ago.

Correct T.D.B. Claim Story

THE NATIONAL UNDERWRITER erred in stating in a recent issue that General Accident was the disability benefits insurer of a New Jersey employee who collected benefits for a disability incurred 11 days after he left employment there to work 5,000 miles away in the West Indies. Continental Casualty was the carrier of the compulsory disability benefits coverage involved and has paid the unusual claim. General Accident also paid a claim on the case but it was on voluntary group carried by the second employer, not that on the establishment which the employee had left.

New Lewis County Officers

Lewis County (Wash.) Insurance Agents Assn. has elected William R. Lee, Chehalis, president, succeeding George W. Browning, Glenn Putman, Centralia, is vice-president and John M. Benedict, Jr., Chehalis, secretary.

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Describes Some of Difficulties in Modern Reserving

"Do not pretend or let others claim for you that, by the use of certain mysterious statistical techniques and by the magic of mathematics, you can overcome all, or even many, of the uncertainties and downright errors in basic reserving for compensation and liability claims, and produce a loss ratio result that always exactly reflects the true and hidden experience a company is enjoying at the moment." This was the warning to the Insurance Accountants Assn. of Dudley M. Pruitt, actuary of General Accident, at the fall conference at Skytop, Pa. The problems in reserving for these claims are many but not mysterious—common sense and careful study will produce results here as with problems elsewhere.

Should Eliminate Schedule P

Of schedule P, he said "it is not really complicated; it is tedious." It ought to be eliminated except for the part V tests. It requires amassing of considerable data at critical annual statement time, delaying the statement and introducing a certain unpredictability to the statement results. It cannot be computed at any other date than at year end without distortion.

Unfortunately, he said, the demand of reserves is that they be much more than adequate though not excessive. Many companies follow the doctrine that the more reserves it carries that it does not need, the more conservative and well managed it is. Actually, he said, for compensation and liability classes there are several reasons why reserves should not be excessive.

This is because these classes are subject to individual risk experience and retrospective rating; any company that deliberately and continuously pads reserves in developing these individual risk rates is courting disaster in customer relations. Also, claim settlements frequently are the result of bargaining and compromise and call for vigorous effort by adjusters to keep the amounts within reason. Claim men do not like it said, but settlement performance is frequently judged, though unwisely, by the extent to which the settlement makes a saving over the estimate.

Lead to Distorted Conclusions

Also, excessive reserves lead to distorted results and false conclusions. Theoretically it should be possible to maintain a uniform degree of excessiveness permanently so that statement earnings will not be distorted. But under the principle of excessive reserves the tendency is for good results to show as not so good and for poor results to show as not so poor. This can become a self deception for management and a source of misunderstanding and distrust with the public and supervisory officials.

However, reserves must be adequate and it is the statistician's responsibility to develop means for determining in short order whether or not the reserves are adequate. However, he must not allow himself to be held accountable for inadequacies he discovers but did not create; nor should he be expected to hit the comings and goings of inflation on the nose when the country's best economists are doing much less. Leave inflation to management, he suggested.

Formula vs. Case

Normally the statistician is called upon to maintain a system for recording case estimates, their openings, changes and closings, in a way that they can be readily used in detail for risk experience studies and in various aggregates for broader experience and statement purposes. The setting of formula reserves is usually the responsibility of the statistician or the actuary. These reserves are

resorted to when estimate reserves are unavailable, inaccurate or uneconomic. When a case estimate reserve is unavailable, as with incurred but not reported claims, future reopened cases, and undeveloped occupational disease claims, the resort is to formula treatment. Even when a case estimate reserve could be made available, a formula reserve may be more desirable because it appears to be more accurate or less costly to obtain.

Average Cost Technique

Speaking of the average cost technique of reserving, Mr. Pruitt suggested breaking down settled cases by the length of time they were open before settlement and finding the averages for cases that were opened at least one month, two months, three months, etc. up to any age desired. These averages may be applied to cases now open one month, two months, three months, etc. He warned that in using this approach, in finding the average for one month the statistician must include all cases that were open one or more months, not those opened for just one month only, for two months only, etc.

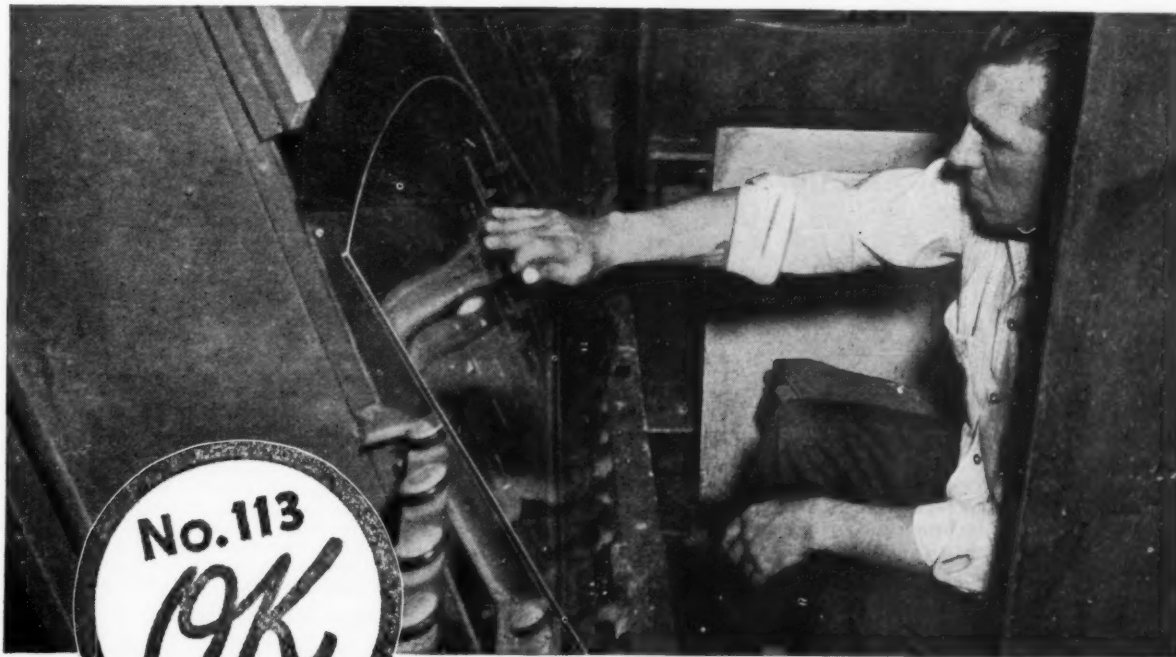
He observed that averages are unsafe for use in setting up reserves for bodily injury cases and compensation cases involving indemnity payments though they

Dallas C.P.C.U.s Honor Conick



Pictured at an informal breakfast honoring H. C. Conick, U. S. manager of Royal-Liverpool, before Mr. Conick appeared as principal speaker at the all-industry luncheon sponsored by southwestern C.P.C.U. chapter in Dallas last week. Left to right (seated): H. B. Holcomb, B. W. Paul, Mr. Conick, and Dean Harry Loman of the American Institute. Standing, Alfonse Ragland, Al Gullledge, Willard Crotty, and Tom Chatfield.

may be used with fair results for proportion cases. Averages can, however, be of great value in testing reserves.



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Gallagher Tells What the Buyers Expect of Insurance Agents

What the insurance buyer expects of his agent was explained by Russell B. Gallagher, insurance manager of Philco Corp. and vice-president in charge of the insurance division of American Management Assn., at the annual meeting of Kentucky Assn. of Insurance Agents at Louisville this week.

Mr. Gallagher said that if he were called upon to select new insurance connections, he would look for those which could provide a real knowledge of insurance, the ability to make a complete factual audit of exposures, an engineering service which would assist

in reducing exposures, accounting knowledge, a good claim service and a general economic knowledge.

He told the agents that a client seldom understands the need for insurance, the contract or the net cost of insurance. His only appreciation of the problem is his knowledge of the premium. If the agent's personal knowledge is not such that he can apprise the client fully, or he finds it necessary to rely on the presence or experience of a company man, Mr. Gallagher warned that the agent will never convince a client that he has acted in good

faith or that he has full knowledge of the buyer's problems.

When the buyer questions the contract, he is questioning the worth of the agent to him, Mr. Gallagher said. When he looks aghast at the premium, he is condemning the agent for selling either an inadequate product at a questionable price or an adequate product at a black market figure. His questions point out the failure of the agent.

For this reason every agent must subject himself to a self-appraisal and decide whether he possesses the qualifications which entitle him to ask for his client's faith and business, he declared.

Insurance needs are not determined in the light of available insurance, Mr. Gallagher declared. Whether or not the insurance is available, the need exists. It is not satisfied by the application of a policy which covers but one sector of need. If an agent claims professional dignity, he should not attempt to sell policies. Mr. Gallagher asked the agents not to be satisfied with placing an automobile liability or a mercantile safe burglary policy. "Do an overall service which is designed to discover every last bit of exposure to loss to which your client subjects himself in his business or personal affairs," he urged.

The buyer should have the opportunity to decide for himself which exposures to insure, which to assume. The insurance protection should then be built to cover the exposures, not to apply specific policies.

There are services which the agent should render which go beyond the study of exposure and proper application of protection. The agent should have a knowledge of payroll auditing methods and analyze his client's payroll to make sure the employees are properly classified. The agent can reduce insurance costs to a considerable extent sometimes by doing this alone. "Do you ever cross swords with your workmen's compensation rating bureau?" he asked. A manufacturer may have been placed in a heavy manufacturing classification while his work is simply assembling. He uses no presses or other heavy power equipment. His heaviest tool is a hand drill. If he is improperly classified, the agent may be able to arrange an entirely new classification. This holds true for other enterprises, mercantile, industrial and commercial. "There is no law that says you cannot question classification, rates and loss experience," Mr. Gallagher pointed out.

Want Real Analysis

The agent, Mr. Gallagher added, should have enough accounting knowledge to know if his client is meeting the requirements for proper records, as spelled out in his fire, burglary, robbery and other contracts. The agent should assist the insured in making out claim reports and proofs of loss. "How many agents habitually analyze their clients' books to determine how much business interruption insurance should be carried? Or do you mail your client a form which carries a title, numerous items to which amounts must be assigned, then added together and deducted from another amount to which a percentage is applied, all to the consternation, dismay, obfuscation and, finally, anger of the client?"

Only a very few agents make a practice of analyzing experience data. Mr. Gallagher stated that for some reason most agents rely on their companies to be correct 100% of the time. This just can't be, he said, citing a case history of an agent having an account producing \$15,000 a year in premiums for workmen's compensation. The insurer inadvertently included a death claim in two years' experience. It was included in the experience of the year prior to its occurrence, because the experience was determined 18 months after the inception of the policy, and it was also included in its proper experience year. The company missed the error, it was not caught by the rating bureau, the agent merely glanced

at the result and the insured paid the freight. An enterprising prospector found it three years later. Then came the necessity for rerating the line all the way back to the first year error, rate reductions, rebate of unearned premiums, rebate of additional retrospective return premium and rebate of unearned commission. In addition, the casually operating agent lost the line.

Stresses Service

Mr. Gallagher put a good deal of emphasis on the service an agent should provide. He criticized agencies which merely "accept" business and give no service beyond that of passing in the order, transmitting the policy and receiving the premium. "When an insurance agency tends to become a parasite, it should shut up shop," Mr. Gallagher declared. "There is no reason why it should continue on one wing, giving nothing of economic value but skimming the cream of easy to handle business from the top of the bottle."

The size of the agency is of little importance as compared with the service it gives. Mr. Gallagher said if rates are equal, there is only one sphere in which competition can be found, and this is in the extent and quality of service. He said the subject of insurance cost is one which occupies a too prominent place in most discussions. Except in rather unusual cases, there are few insured which can be considered self-ratable. For this reason they must be rated as a group-segment. As a segment, their accumulative losses, even over a period of years may be but a small percentage of their similarly accumulated premiums.

Premiums may be high if the only return to be anticipated is loss payment. The same premium may be low if it carries the cost of loss prevention. In illustration, Mr. Gallagher mentioned a manufacturer who was about to build a new factory occupying an entire city block. The block to the north and the block to the south of the proposed plant were occupied by existing plants under the same ownership. The engineers and architects overlooked this and included a 200,000 gallon sprinkler tank in their plans. The insurance engineer saved the manufacturer \$30,000 when he suggested underground cross-overs from the existing plant to the new plant, giving it 500,000 gallons of water. At the same time the available water for the existing plants was increased because each was able to draw from street mains hitherto unavailable. The premium for the new plant, a \$4 million factory, is only \$2,000 a year. "Is that high cost insurance?" he asked.

Mr. Gallagher asked the agents how they looked at the financial side of the picture. It is a well known fact, he said, that the more a company spends on service, the less it can spend on commissions. If the commission side is the agent's personal choice, Mr. Gallagher said, he should be able and willing to spend the excess in supplying the service himself.

Will Add to Basic Salary

Hartford Fire and Hartford Accident have decided to make the additional cost-of-living payments, given monthly in recent years, part of the basic salary of all employees.

It was also announced that a special review of all salaries will be made promptly, and increases made on the basis of individual value of employees to the company.

The cost-of-living allowance given in recent years has been figured at 10% on the employee's earnings for the year. It is estimated it totals about \$2 million.

No Change Seen in Tenn.

NASHVILLE—With Governor Browning reelected by a large majority, no change is foreseen in the department of insurance, headed by M. O. Allen as commissioner.

SALES IDEA OF THE MONTH



Building Good Business

New homes mean new business. Are you getting your share? Six million new households have been created in the U. S. since 1940, according to the Census Bureau. Each is a market for *residence theft insurance*. It will pay you to solicit those in your locality, for your business will grow as the families grow and their incomes and insurance requirements increase.

But don't overlook the insureds who have been on your books for several years. They may need greater coverage now because of rising property values and newly acquired items. Uncover this hidden business by suggesting an inventory to check their needs in the light of today's replacement costs.

Ask your Zurich-American field man for other business-building ideas.



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Hawk Continues as Illinois President

(CONTINUED FROM PAGE 21)

nois Fire occupied a good portion of the remainder of the evening. It was a high calibre show whose excellence surprised everyone except probably those who arranged for it.

A detailed account of how the government is subsidizing tax-free cooperatives and mutuals at the expense of highly-taxed stock companies was given by P. L. Courtney, National Tax Equality Assn., Chicago.

Because of the popularity of Mr. Lederer's talk at the N.A.I.A. Chicago meeting on dishonesty insurance as a sales opportunity, it was on the program. He stressed that the production techniques of this line of business are by no means as difficult as the average agent believes.

According to Mr. Lederer the production tools are two-fold—fidelity bonds and forgery bonds. He particularly called attention to the primary commercial blanket bond and the blanket position bond. These forms, Mr. Lederer observed, are definitely more suited to modern business needs; they are available to all insureds in commerce and industry; and they provide automatic blanket fidelity coverage on all the insured's employees. The only decision necessary regarding the coverage is the amount to be carried, and which of the two forms is more appropriate for the specific employer.

Explains Provisions

The primary commercial blanket bond covers all officers and employees of the firm collectively. It provides coverage which is available for any single loss, and the payment of a loss does not reduce the amount of coverage available for other losses. All employees are covered for the amount of the bond, but if two or more employees are in collusion and cause a loss which exceeds the amount of the bond, the bond can respond only up to its limit, although because of its automatic restoration feature the bond is restored to its original amount regardless of frequency of loss or their dates of occurrence, provided coverage was continuously in force.

Mr. Lederer commented that the blanket position bond varies somewhat in this regard. Each employee is covered for the amount of the bond, and if two or more employees are in collusion and cause a loss which exceeds the amount of the bond, and if such employees causing the loss are identified, the bond can respond up to the limit on each employee. Consequently, recovery can be had to any amount represented by the number of identifiable employees involved in the loss multiplied by the amount of the bond. Here again, losses paid on one or more of the employees do not impair the coverage on the rest of the staff. If, of course, the insured is unable to identify the individual employees implicated in an obviously collusive dishonesty loss, the maximum recovery from the bond is the bond amount. In the event of the employer's ability to identify the dishonest employees acting in collusion, however, the blanket position bond has a startling potential liability. For that reason the maximum amount for which this bond may be purchased has been set at \$100,000, whereas there is no top limit to the primary commercial blanket bond, where the collusive loss feature has no significance.

"Best Sale on Shelf"

A combination of both fidelity and forgery coverage, as included in the comprehensive dishonesty, disappearance and destruction policy—the so-called "package policy" that contains one fidelity insuring agreement, one forgery insuring agreement, and three burglary insuring agreements, was referred to by Mr. Lederer as "the most saleable article on our shelf today." It may be sold as one complete package or any one or any combination of the insuring agreements may be sold. It has proved to be a very practical method of tying up many of the insured's needs in one form and with one company, thereby eliminating considerable red tape and needless expenditure of time and effort.

J. O. O'Donnell, Illinois director of public safety at the Tuesday luncheon accepted a bronze plaque honoring the state for marked progress in safe driving instruction in its high schools during the year. The plaque represents the "Superior Award" of the annual driver education award program sponsored by the Assn. of Casualty and Surety Companies.

The award was presented by Mr. Hawk, who pointed out that in qualifying for the award, the program's highest honor, Illinois now offers courses in safe driving in 597 of its 692 secondary schools, with more than 77,300 eligible secondary school students enrolled. "Though there is still considerable progress to be made before the maximum goal is reached in training youthful drivers in our state," Mr. Hawk stated,

"the great increase during the past year in the number of schools giving instruction shows that Illinois is very much aware of the importance of this life-saving form of education."

A dramatic, first-hand description of the atomic explosions at Bikini was given by the luncheon speaker, Wayne Guthrie, columnist with the Indianapolis News. He was among the few newspaper men permitted to view and report the two explosions. The story he tells makes apparent the horror that could result from an atomic war and his hearers gained a new perspective to the gravity of the present world condition.

Hearing Held on Bills That Cal. Department Proposes

LOS ANGELES—The 18 proposed measures the California department plans to have introduced at the 1931 legislature were taken up at a hearing here with Commissioner Downey presiding. J. P. Maloney, H. A. Benjamin and Frank Fullenwider of the department staff outlined the scope of the bills.

Probably the most controversial bill was that relating to licensees receiving premiums in a fiduciary capacity. Objections to the measure were made by Robert Battles, vice-president of California Assn. of Insurance Agents, a representative of Insurance Brokers Society of San Francisco. Mr. Downey held that the objection raised by Mr. Battles was not valid legally, but consented to have the bill discussed at a meeting between departmental personnel and representatives of the producers organizations.

A bill regarding life agent only and life and disability agent licenses dealt largely with disability insurance in life contracts supplemental to the life provisions of the policy. It was written largely from the N.A.I.C. recommended standard provisions law. It was approved after deletion of the words, "or dismemberment or loss of sight" by accident.

A bill setting forth provisions in liability policies also met with some adverse comment. Chairmen McBride and Geddes of the senate and assembly interim committees on finance and insurance, who were present, said they probably would take this matter up at hearings they plan to hold before the legislature convenes.

A measure to require that dividends or refunds on any policy be declared by the directors or governing body of an insurer before they can be paid met strenuous opposition on the part of Robert Walker, head of the group department of Pacific Mutual Life, and Vice-president J. T. Blalock of Pacific Indemnity. It was suggested that the bill would meet requirements of the Patman act.

Most of the other bills were accepted without opposition, minor changes being made in some of them.

G.A.B. Southern Changes

General Adjustment Bureau has appointed J. D. Hurt resident adjuster at Rock Hill, S. C., taking over part of the territory formerly handled by offices at Charlotte, N. C., and Spartanburg, S. C.

Mr. Hurt, a graduate of the University of Virginia, has been active in claims work since 1933 and has been with G.A.B. since 1947 at Spartanburg.

John W. Gibson, who for four years has been at Bristol, Va.-Tenn., has been promoted to adjuster in charge at Kingsport, which remains under the general jurisdiction of the Bristol office. Mr. Gibson succeeds Harvey Short who has been transferred to Dyersburg, Tenn., as staff adjuster.

Miss Laverne Zattler, Zurich, has been named general chairman for the region conference of National Assn. of Insurance Women at Pittsburgh, March 30-April 1. The co-chairman will be Miss Emilie Schiller, H. W. Schmidt Co. Mrs. D. B. Edgar, National Union Indemnity, is president of the local host group.

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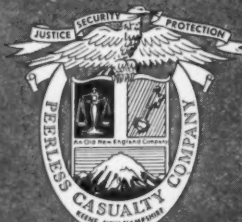
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The court argued that its day in con ligence was jury. "How court when make a sett court and th settlement h between the acting throufendant's ins Selby vs. (Automobile)

Ga. Drive Insured o A fleet lial the driver Georgia depa been filed by uality Underw Georgia depa The policy Cates Co., At Assn. of Ins Indemnity. the program department t be covered. The liabilit property dam cal payments ual for busin medical paym rate. For un be used for into considera to the driver light exposur be held by th

Adjuster's Offer Binding as Insured Despite Insured's Denial of Liability

A settlement offer by the insurer's adjuster is binding on the insured Montana supreme court declared in Selby vs. Victoria Mines, Inc., and judgment awarded by the trial court was upheld.

In December, 1945, Robert James was driving Selby's car with his permission when a truck of Victoria Mines collided with it. Selby wrote Victoria Mines and was referred in reply to Hugo Dobler of Helena, Mont., the adjuster for Standard Accident, which carried the liability insurance.

Selby's attorney visited Dobler, who stated he was representing Victoria Mines, and after a period of several months there was a meeting at which an agreement was arrived at, without any condition imposed, wherein \$1,280 was to be paid for the damage to Selby's automobile and \$300 for a release from Selby for any possible injuries to his minor daughter. Selby and his attorney asserted that Dobler told them he would send a check or draft within a few days, but nothing was ever received.

The court action was based on Dobler's promises, Selby alleging that Victoria Mines was bound by Dobler's word, while Victoria Mines denied that Dobler represented them and that his promises were made on behalf of Standard Accident and not on behalf of Victoria Mines.

The insurance policy was admitted in evidence over Victoria Mines' objection. It contained the provision: "the company shall (a) defend his name in behalf, any suit against the insured alleging such injury or destruction and seeking damages on account thereon, even if such suit is groundless, false or fraudulent; but the company shall have the right to make such investigation, negotiation and settlement of any claim or suit as may be deemed expedient by the company."

The court said that Victoria Mines in the policy expressly conferred on Standard Accident the right to make any negotiation or settlement of claims as it deemed expedient. Having authorized its making, Victoria Mines is bound by whatever the company or its agent or adjuster negotiates within the policy limits.

The court further said that it may be argued that Victoria Mines has not had its day in court, since the matter of negligence was never passed upon by the jury. "However, one has his day in court when he voluntarily agrees to make a settlement without going to court and the jury believed that such settlement had been agreed to by and between the plaintiff and the defendant, acting through the adjuster for the defendant's insurance company."

Selby vs. Victoria Mines, Inc. 13 CCH (Automobile) 1078.

Ga. Driver Training Cars Insured on Fleet Policy

A fleet liability rate on cars used in the driver training program of the Georgia department of education has been filed by National Bureau of Casualty Underwriters and approved by the Georgia department.

The policy will be written by Adams-Cates Co., Atlanta, on behalf of Georgia Assn. of Insurance Agents, in Royal Indemnity. Approximately 100 cars in the program sponsored by the education department through county boards will be covered.

The liability limits will be \$25/50,000 property damage \$5,000, and \$500 medical payments. The rate is one-half manual for business classification on all but medical payments, which take the manual rate. For uniformity a single rate will be used for all cars, wherever located.

The bureau and the department took into consideration both the contribution to the driver training program and the light exposure. The master policy will be held by the department of education,

with certificates issued to the county boards, which are also named assureds.

Eugene May Be Home Office

Pacific States Fire & Indemnity of Oregon, now in process of formation, may locate its home office at Eugene, according to Jacob Dobrin, Portland, who is in charge of stock sales.

It is attempting to sell 10,000 shares of common stock of \$100 par value at \$200 per share, to produce \$1 million capital and \$1 million surplus.

President is Kit Conyers of West Coast Trans-Oceanic Steamship Co. Portland.

Install Blanket Officers

New officers were installed by Seattle Blanket Club at its "employers' night" banquet. Harold Hughes, D. K. MacDonald & Co., is president; Bud Francis, McCollister & Co., vice-president; Robert Murphy, McCollister & Co., secretary, and Jack Giseburg, Armstrong general agency, treasurer.

Robert W. Norquist, D. K. MacDonald & Co., was toastmaster.

Wash. Chairmen Named

H. P. Sargent, Seattle, president of Washington Assn. of Insurance Agents, has announced new committee chairmen: casualty contact, H. N. Mann, Tacoma; fire contact, A. J. Roberts, Walla Walla; educational, LeRoy Hunter, Seattle; legislative, Herb Wilson, Everett; fire prevention, Roger Leidy, Walla Walla; membership, Matt Maury, Olympia, and Stan Lebens, Yakima, co-chairmen; traffic safety, Matt Kingsley, Anacortes; bank agent plan, Syd Tozier, Port Angeles; rural agents, Clem H. Cook, Wenatchee.

Three Courses at Tacoma

Pierce County Assn. of Insurance Agents Blanket Club and Tacoma Insurance Women's Club are conducting classes at Tacoma, Wash., covering the N.A.I.A. introductory course, N.A.I.A. standard course and C.P.C.U. part I.

Rename Snohomish Officers

The Snohomish County (Wash.) Assn. of Insurance Agents has re-elected Roland Dick president, Herb Wilson, vice-president, and Alvin Petershagen, secretary.

Loveless Takes New Post

George H. Loveless has joined the Lloyds department of Reinsurance Underwriters at San Francisco. He started in London with the brokerage firm of J. H. Minet & Co. and was head of the Lloyds department of Victor Montgomery agency for 3½ years.

HOW GOOD CAN AN AUTOMOBILE POLICY GET?

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A POWERFUL SELLING TOOL!

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...and a host of other protective features as well!

THE NEW COMPREHENSIVE

ANCHOR

AUTOMOBILE POLICY

CASUALTY COMPANY

ST. PAUL 4, MINNESOTA



Kane Named Defense Insurance Chief

(CONTINUED FROM PAGE 2)

of Defense are:

"Coordinating the work of the chiefs of the insurance divisions in the three military departments in developing and implementing basic policy toward insurance (including the determination of broad guides for dealing with insurance companies) and selection of preferential premium-rating plans.

"Acting as liaison between the Department of Defense and the insurance industry.

"Serving as arbiter of differences on matters which affect two or more of the three military services.

"The director will be assisted by a board of insurance advisers to be appointed from outside the Department of Defense. They are to meet at least once every three months. The director will have only a small clerical staff in his immediate office."

Lump Sum and Cost Plus

Meanwhile, insurance representatives here understand that a congressional mandate that the Defense Department award contracts on a lump sum basis as far as possible does not preclude cost-plus-fixed-fee contracts in certain circumstances. That principle, to which the war projects joint rating plan ap-

plied during the last war, still prevails with respect to overseas military construction contracts.

Under the lump sum contract policy, it is said there is to be general resort to renegotiation procedure with a view to recapturing excess profits, alleged. Under such a program, the lump sum contract would become in effect a cost-plus-fixed-fee job, because of the renegotiation feature.

Contractors Protect Themselves

Insurance contractors are said not to object to this feature because contractors generally bid high enough to protect themselves amply, and hence may bid higher than necessary sometimes.

Meanwhile, also it is understood that an industry committee which has been working on a substitute war projects rating plan for the government, will shortly submit its suggestions to authorities here. While government has been wanting something of the kind for some time, high authority has not formally asked for it. However, friends of insurance in government have suggested a plan would be welcomed. And insurance representatives figured it would be better to submit a proposal they like

rather than perhaps be expected to take something handed down by Uncle Sam which they would not like.

Mr. Kane is understood to have undertaken the job for a year. Insurance representatives understand his job is to get uniformity in defense department insurance policy and practice. He will act as umpire in case of differences between army, navy and air force over such matters. Defense contractors will know where they stand with respect to insurance.

Kane's engagement is regarded as a result of the Defense Department hiring Heller & Co., industrial engineers, and the latter engaging the services of Clayton Hale, Cleveland broker, as insurance consultant, in connection with department reorganization plans.

The industry committee headed by William Leslie, which has been working with the armed services, is understood to have pretty well worked out a new rating plan, which will deal with casualty coverage in connection with defense contracts. This new plan, however, is not understood by insurance observers to be very different from the World War II plan.

Scope Not Fully Decided

Whether this new plan would be applied in connection with other government contracts, such as maritime for construction of government ships as during the war, industry representatives said they did not know.

However, they regard it as certain that awarding of defense contracts on a cost-plus-fixed-fee basis will be stepped up, under the new proposed rating plan, compared with the third or fourth place that method of contracting occupied in a defense department listing of its contracting policies some time ago.

Mr. Kane spent most of his career in the trade paper field. He was with the Chilton group of papers for some years, on the sales staff of one of the automotive publications, when in 1931, right after reorganization of the "Spectator," he was placed in charge of that paper as publisher. He remained in this capacity for 13 years when he shifted over to the presidency of "Iron Age." Gradually he relinquished his activities with "Spectator," concentrating on "Iron Age." This shift occurred about five years ago, and he was with "Iron Age" about four years before he left the Chilton organization. Chilton took over "Spectator" in 1929.

Director Kane held a "get acquainted" meeting Tuesday with department insurance personnel and armed forces officials, at which broad outlines of his job were discussed. Meanwhile, insurance industry representatives are taking steps to secure representation for various branches of the industry on the Defense Department's new insurance advisory board to work with Mr. Kane.

It is believed in industry circles that this board should include representatives of the casualty, surety and fire interests, stock and mutual companies and property agents and brokers.

adaptation of the type two package, he said.

The speaker said that there must be either cooperation of the rating organizations as they are now set up or all of the long established ideas about rating organizations must be scrapped and a national rating bureau created to deal with all forms of property and liability insurance. Probably both stock and mutual companies will endeavor to deal with the problem through cooperative activity, but many have grave doubt that this will prove to be a permanent solution. The inevitable answer is probably a national rating organization embracing all forms of property and liability cover.

Mutuals Enjoy Advantage

Mutual companies, he said, are in a much more favorable position to create such an organization than are the stock companies. The latter have well established rating bodies operating in all areas of the business. It would be difficult because of a conflict of interest quickly to consolidate these into one organization. Mutuals do not have their own fire rating organization. Hence the mutual world does not have the conflict of interest that exists on the stock side. It seems possible that the mutuals could quickly create a national rating organization, using their rating bodies such as Mutual Insurance Rating Bureau and Transportation Insurance Rating Bureau as a nucleus.

There will be problems about the package risks that leave the company with mixed emotions regarding its acceptability. Sometimes a package will be declined. At other times the insurer will attempt to break the package down and accept only the desirable fragments. A company with a low overhead and a high permissible loss ratio will have an advantage in dealing with package policy underwriting.

The question will arise as to whether package policies shall be separately classified for dividend. He felt that this would be necessary, despite the fact that some say that setting up one rate of dividend on the liability portion of a package in contrast to a different dividend on liability cover sold separately would create a discriminatory situation. If packaging creates economies that can be passed on to the buyer in the form of lower rates and if that theory is sound and non-discriminatory then separately classifying package policies for dividend is also sound and non-discriminatory.

STATEMENT OF THE OWNERSHIP, MANAGEMENT AND CIRCULATION REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1940

(Title 39, United States Code, Section 233) of The National Underwriter, published weekly, with an additional issue in May and June, at Chicago, Ill., for Oct. 1, 1950.

1. The names and address of the publisher, editor, managing editor, and business managers are: Publisher, The National Underwriter Co., Chicago, Ill. Editor, None. Managing Editor, Levering Cartwright, Evanston, Ill. Business Manager, R. J. O'Brien, Chicago, Ill.

2. The owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual member, must be given.)

The National Underwriter Co., Chicago, New York, Cincinnati; Elizabeth W. Herschels and John Z. Herschels, Trustees, Cincinnati, Ohio; Levering Cartwright, Trustee for C. M. Cartwright and Kathryn Cartwright, Evanston, Ill.; Hazel W. Brants, Downtown Grove, Ill.; H. J. Burridge, Cincinnati, Ohio; Levering Cartwright, Evanston, Ill.; Russell Cartwright, Evanston, Ill.; Ruth Cartwright, Evanston, Ill.; Leslie K. Bill, Chicago, Ill.; R. E. Richman, Upper Montclair, N. J.; George W. Wadsworth, Chicago, Ill.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities are: (If there are none, so state.) None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required from daily, weekly, semiweekly, and triweekly newspapers only.) 13,500.

Sworn to and subscribed before me this 28th day of September, 1950.

(Real) My commission expires Aug. 18, 1954.



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Gains, Headaches in Package Policy

(CONTINUED FROM PAGE 23)

sweep in the traditional casualty lines of burglary and glass.

The important package policy developments of the past year include a dwelling all risk endorsement and the manufacturers output policy, he said. Fire and casualty lines are included in their single insuring clauses, but no liability covers are swept in. The all risk endorsement takes in, among other things, flood protection and ultimately it will be known whether through widespread sale of this or a similar form, insurance can provide flood cover at so modest a cost it will not pay the insured to have the protection left out of the contract. The output policy is an

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Reflect Costs in Current Rates

(CONTINUED FROM PAGE 5)

charges surprised company officials. In getting the ratios for them, all state premium taxes, state licenses, filing fees, local licenses and board charges of all types were secured and applied in total against the premium writings on which they were paid, in most cases those of the previous year. In many instances the ratios were increased considerably by local taxes and also by flat fee license charges in various states where the premium volume was not too large.

Total acquisition cost ratios, excluding contingents and home office expenses, showed a spread of more than 10% which the management felt definitely needed study. The report showed exactly how much the business was costing in each field before it went to the home office, and a more detailed analysis of the expenses in territories where costs were unusually high was clearly indicated.

Costs Can Be Controlled

Costs can be cut or controlled outside the office if properly analyzed and sound comparisons made, he said. Comparison with costs of other companies is the real answer, and in this respect the accountants' association can perform a real service to the business. It will be much easier to sell such things to the managing officers if the accountant can present actual facts to support requests instead of vague appraisals.

Another important benefit is the possession of facts and figures to show the expense involved in some of the elaborate and costly routines which almost every office goes through to produce some relatively unimportant information to humor the whim of some officer, he pointed out. Bolstered in this way, the accountant's arguments against such routines should receive plenty of consideration.

He suggested that with the procedures of complying with regulation 30 now pretty much mastered by the accountants they have the opportunity to turn their attention to assisting executives in general management research and the tackling of such things as reduction of operating costs, measuring efficiency of departments and increasing them, etc.

CLERICAL WORK

In 1900 there was one clerical worker to each 10 productive workers; in 1940 this ratio had changed to one to four, Ben C. Graham, Standard Register Co., told accountants. Thus the number of clerical workers grew 2½ times as fast as the number of productive workers. Reasons assigned for this growth are improved methods in the factory and increased governmental reports requirements, but neither of these explanations accounts for the tremendous elements of waste found in the paper work of many organizations, he said.

When the standard, "does the system or result help perform his job better?" is applied, from 30 to 50% of paper work in the average organization should probably be eliminated. He cited the story of the accountant of one organization who questioned an elaborate tabulated report which he distributed to 37 top executives over the country. The accountant called on each executive and asked if the report was essential or whether it should be changed in any respect. All the executives insisted the report was perfect and they could not possibly get along without it. The next month the accountant prepared the report but filed all copies on his desk. He continued to prepare the report and keep all copies, for six months. In that time not a single question was raised by executives who had not received it. He discontinued preparing the report. That was two years ago and today he has not had a question about it.

William B. Maley, statistician of North America Companies, in his discussion of "Premiums on the Assembly Line," suggested that the arrival of multiple line underwriting powers will change the whole insurance fabric as the accountant knows it and leave the accountants new fields to explore. He reviewed the present accounting system used by North America Companies.

Expand Insurance Library Publication Staff, Scope

The editorial staff of "Insurance Books Reviews," publication of the Insurance division of the Special Libraries Assn., has been enlarged. The editor, Angelica Blomshield, New York Life, has announced that the publication has added to its coverage by indexing insurance law books, Canadian and English publications and the proceedings of insurance associations.

The enlarged editorial staff will comprise Hazel K. Levins, Mutual Benefit Life; Terry Barnes, Liberty Mutual; Katherine E. Cook, Metropolitan Life; Elizabeth Ferguson, Institute of Life Insurance; C. Helen Henry, National Fire Protection Assn.; Iris McFarlane, Sun Life of Canada; George G. Traver, National Board of Fire Underwriters; and Emma Turner, Hardware Mutual.

Commerce Department Survey Is Delayed

WASHINGTON — Compilation and publication of results of the Department of Commerce survey of reinsurance operations abroad of American companies will be delayed a month or more, owing to the fact that a number of companies questionnaires asked for an extension of time within which to report. Sept. 30 was originally set as the deadline for receipt of these reports. Jerome Sachs, chief of the insurance section, says answers to the questionnaire are being tabulated.

Mr. Sachs says it is not contemplated to issue a special report on the foreign reinsurance survey but that data from all companies which voluntarily report will be consolidated for incorporation in the department's periodical report on the balance of payments in international trade.

Besides its efforts to obtain figures

DEATHS

(CONTINUED FROM PAGE 17)

Club for 40 years and was chairman of the advisory committee of Arkansas Inspection Bureau from 1939 until forced to resign for health reasons in 1946.

ARTHUR J. McCANN, Columbus, O., local agent, died while on the way to a doctor's office. He had been in insurance work 35 years. A son, Richard, is associated with the agency.

MRS. AGNES B. BURNS, 82, widow of the late John H. Burns, Sr., Wichita pioneer for many years associated with Farmers & Bankers Life and Harris, Burns & Co. local agency and mother of Robert E. Burns, now president of Farmers & Bankers and John H. Burns, Jr., senior member of Harris, Burns & Co., died following several years of ill health.

MARSHALL H. DAVIS, 69, Roanoke, Pa., local agent, died Nov. 7 there. He established his agency in 1926, after several years in company positions.

GUY E. CROOK, 71, a director and vice-president for 25 years of Michigan Mutual Windstorm of Hastings, died at his home there.

Fred J. Cox, head of Boynton Bros. & Co., local agency at Perth Amboy, N. J., and a past president of National Assn. of Insurance Agents, is bereaved by the death of his daughter, **MISS ELIZABETH RAND COX**, who was taking graduate courses at Rutgers. She was a graduate of Smith and had also done graduate work at University of New Mexico.

JAMES L. NESBITT, 66, an attorney in the legal department of Aetna Casualty at New York, died at his home at Orange, N. J.

AUGUST J. PRAFCKE, local agent at Streator, Ill., was killed in an automobile accident. He had been in the business there a number of years, his agency being established in 1894. A son, John F. Prafccke, is a member of the agency.

showing the volume of reinsurance being done by U. S. companies with foreign companies, Mr. Sachs says the survey of international insurance operations contemplates circulation to companies of other forms dealing with direct writing. These forms, not yet finally approved or circulated, may be four or five in number, Sachs said, covering life, fire, casualty, etc.

B. C. Autos 90% Insured

According to government figures, 90% of all passenger automobiles in British Columbia are now insured as a result of the financial responsibility regulations put into effect three years ago. When the plan went into effect, only 49% were insured. Commercial vehicle insurance has not increased in the same proportion, rising from 52 to 58%, but there has been a sharp decline in the automobile loss ratio, which is now close to a 10-year low.

Schedule Vt. Regionals

Vermont Assn. of Insurance Agents is holding the first of a series of five regional meetings, Nov. 20 at Bennington. The subject to be treated is casualty losses, and the speaker at each meeting will be Alvar Akerblom, who is an adjuster for Zurich at Albany. There

will be a meeting at White River Junction, Jan. 15, Barre, Feb. 19, St. Johnsbury, March 19 and Burlington, April 16.

Cambridge Agents Elect

Cambridge (Mass.) Assn. of Insurance Agents at its first annual meeting elected Frederick J. England, president. Mr. England, who succeeds A. Warren Hanson, recently was elected vice-president of the Massachusetts association. Francis D. Phelan was named vice-president and Joseph T. White, secretary.

Insurance Women of Wichita have launched a course on "Agency Management." Ann Uhl Schmidt of the Amortibanc agency is in charge.

Hayden D. Davis has taken over the interest of his late partner, Thomas Kyer, in the Kyer-Davis agency at Jackson, O.

Lynn A. Stull and Robert A. Rohner of Lorain, O., have become part owners of the A. H. Babcock agency.

Thomas O. Swan has been appointed underwriting manager of the John A. Downey agency of St. Paul. He has had 13 years' insurance experience and formerly was an underwriter for Employers Liability.

Harry Long, who has been with the R. C. Frisbie agency of Baker, Ore., since 1947, has been made a partner in the firm, which is now known as Frisbie-Long agency.

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Honor Sioux Falls Agency on Its 70th Anniversary

SIoux FALLS, S. D. — A testimonial dinner was given by companies represented in the agency honoring the firm of McKinney & Allen on its completion of 70 years in the business here.

Greetings were brought from Baltimore by Harry C. Michael, vice-president of Maryland Casualty, with response by Jay B. Allen, president of McKinney & Allen, who exhibited policies issued in 1880 on some present-day office buildings here.

Reviewing seven fruitful decades of business activity by the agency, Mr. Allen said that throughout that time every accepted claim has been paid in full "without compromise or discount."

C. E. McKinney, half-brother of the late J. J. Allen, father of Jay B. Allen, came to Sioux Falls in 1880 and established a private bank with a farm loan department. In 1885 J. J. Allen, then 17, was appointed agent for two insurance companies and was active in the business until his death last January. Mr. McKinney died in 1933.



Jay B. Allen

Insurance Legislators to Be Prominent in Ohio

Insurance men are expected to have a prominent role in the new Ohio legislature. Both the senate and house are overwhelmingly Republican. J. Frank McClure of Loudonville, who has served four terms in the house, is being mentioned for speaker.

Insurance legislators, according to present reports, are: Senate—Theodore M. Gray, Jr., Piqua; Tom V. Moorehead, Zanesville, who already has served three terms; Fred L. Adams, Bowling Green, who has served seven terms. Ashtabula; D. M. Hickson, Lancaster, three terms; A. H. Milleson, Freeport; F. A. Hunt, Toledo, two terms; T. J. Barrett, Youngstown, five terms; H. L. Short, Piqua, one term; G. C. Philpot, Summerfield.

Governor Lausche, who was reelected, has asked the members of his cabinet to remain, and it is understood that there will be no change in the insurance department, headed by Walter A. Robinson, who has been with the department many years.

Already attention is being given to proposed legislation. An A. & H. agents licensing bill will be introduced. It carries a 90-day trial period. This feature is opposed by certain elements of the business and a conference will be held before the measure is introduced. Others proposed include multiple underwriting; amendment of the group life law reducing the minimum from 50 to 25; bill to prevent life companies and agents from paying commissions to unlicensed producers; a bill covering the activities of reciprocal agents.

Ask Auto Inspection Law

DES MOINES—Iowa Assn. of Insurance Agents will ask the 1951 legislature to consider favorably a state-wide compulsory motor vehicle inspection law patterned after that in Pennsylvania. At a meeting of the executive committee association members were urged to participate in driver-training programs.

Bylsma Heads Michigan Mutual Agents Group

George Bylsma, Grand Rapids, was elected president of Michigan Assn. of Mutual Insurance Agents at the annual meeting at Grand Rapids. Merle Ault, Charlotte, is the new vice-president; Lewis J. Carter, Elsie, is secretary and Herbert Baker, Stanton, is treasurer.

Attendance was 154 for the two-day meeting. The program included Philip L. Baldwin, executive secretary of the National association, who discussed, "What Lies Ahead for the Mutual Agent?"; W. J. Wilkenson, vice-president of Employers Mutual Casualty, on "Agent's Responsibility"; John Fles, Michigan Adjustment Bureau, on "Mistakes Found in Fire & Casualty Policies"; A. H. Butterick, Michigan department, on "Current Trends & Practices in Fire Insurance," and E. J. O'Brien, assistant general counsel of Lumbermen's Mutual Casualty on "Fire Legal Liability."

There was a question and answer panel conducted by members of the Michigan 1752 Club, and the movie "Stop Fires and Save Lives," was shown.

Gray Tells Cincinnati Board of Law Trends

Insurance trends in Ohio, the current status of the agent as to legislative enactments and the insurance future in Ohio were discussed by Theodore M. Gray, Columbus, executive secretary Ohio Assn. of Insurance Agents, at the monthly meeting of Cincinnati Fire Underwriters Assn. last week.

Mr. Gray stressed particularly the danger of the contemplated introduction of the temporary disability insurance act which may eventually lead to a state monopoly. This could pave the way for other monopolistic lines, he said.

Julian Lenke and H. Patrick Sweeney were program chairmen.

Coles to Cincinnati Post

Morris J. Coles has been promoted to assistant manager at Cincinnati of Atlantic Mutual and Centennial. He has been at Philadelphia as special agent for central Pennsylvania territory. He has been with the companies since 1942 in the eastern field.

COAST

Many Insurance Men in New Utah Legislature

Four of the 11 state senators elected to the Utah legislature Nov. 7 are either insurance agents or insurance attorneys. Three of the members of the house are likewise engaged in the insurance industry. The Republican governor of Utah, J. Bracken Lee, is a former local agent.

J. Francis Fowles, Ogden Democrat and long-time insurance man, was reelected to the senate. Luke Clegg, Provo Republican, and owner of Homeland Realty & Insurance Co., was elected for the first time. Elias L. Day and Edwin B. Cannon, Salt Lake attorneys who are actively engaged in insurance litigation and claim work, are both Republicans. Mr. Day was reelected to his second term. Mr. Cannon is a newcomer.

Leading the state representatives is Attorney Merrill K. Davis, Salt Lake City, who is executive secretary of Utah Assn. of Insurance Agents and manager of Surplus Line Assn. of Utah.

He is a Republican and was reelected for his third consecutive term. He was assistant floor leader last session. Two rural bankers, Roland Tietjen, Monroe Republican, and John Barton, Democrat from Beaver, are also insurance agents and last term indicated concern on Utah's inadequate insurance department. Both are serving their second term. Newcomer Jack H. Swenson, Republican from Spanish Fork, is a full-time insurance agent who is expected to be heard from in 1951.

Plan Hearing on Farmers Union Deviation Request

A request by National Farmers Union Property & Casualty for permission to deviate 40% from bureau rates on fire insurance and 25% on extended coverage for farm dwellings in Utah will be given a hearing before Commissioner Terry some time in December.

National Farmers is a subscriber to Utah Fire Rating Bureau. Both the bureau manager, Harold S. Morr, and members of Utah Assn. of Insurance Agents asked for a hearing on the request.

To begin with, this company has never been in the farm dwelling fire business before. It has no experience in Utah or any other state on this type fire insurance. The Utah code of 1947 is fairly specific that rate deviations may only be granted where it is shown that the experience of the company in that field is favorable.

A similar request for a rate deviation resulted in a denial in 1949 when Citizens Fund Mutual of Red Wing, Minn., requested permission to deviate from bureau rates. That company had had no experience in Utah, although it had favorable experience in other states.

No date has yet been set for the hearing.

Allot Bankrupt Agent's Cash

LOS ANGELES — Holding that funds taken from the trust account of a local agent or broker are not an asset of a bankrupt; not subject to proceedings or control of a trustee, and that neither a debtor, receiver nor estate have claim upon the funds, B. M. Brink, federal court referee in bankruptcy, has ordered the \$15,196 residue of the L. L. McBroom agency released to the interested insurers for distribution.

McBroom became involved with his companies, the insurance department held a hearing and cancelled all of his licenses, also refusing to grant a new solicitor's license.

The companies and general agencies that will share in the distribution are: Centennial, New York Underwriters, Industrial Indemnity, London Assurance, Boston, National Fire, North America, Home, Hinchman-Rolph & Landis, Deans & Homer, Sayre & Toso and Chubb & Son.

Scheller Regional Supt.

Roy G. Scheller has been appointed regional superintendent in charge of the East Bay, San Joaquin and Sacramento Valley territory for London & Lancashire. He has been with the company since 1929.

Elect Thompson President

Northwest General Agents Assn. celebrated its 25th anniversary at a luncheon meeting at Seattle.

Stuart G. Thompson of Stuart G. Thompson-Elwell Co. was elected president, succeeding Evert Lampung of Lampung & Co., who served as president for several years. W. G. Frazier of Frazier & Co. was elected vice-president and H. M. Gould, Jr., of Gould & Gould, secretary-treasurer.

SOUTH

Hold Arkansas Mid-Year at Little Rock Dec. 4

LITTLE ROCK—William J. Traynor, assistant secretary and publicity director of North British, will headline the mid-year meeting here Dec. 4 of Arkansas Assn. of Insurance Agents. He will speak on the related fields of agency advertising, publicity and public relations. Other speakers secured will include Commissioner Graves of Arkansas and Walter Plangman, director of Arkansas Inspection & Rating Bureau. Mr. Plangman is expected to review developments resulting from recent rate readjustments.

The meeting will get under way Monday morning with an executive session and business meeting open to association members only. In addition to an address by President W. Dan Cotton, Little Rock, and reports of several committees, there will be a panel discussion with the audience participating on "Meeting Non-Stock Competition." The panel will include William Rector, Little Rock local agent, chairman; Leavell R. Smith, Stuttgart agent and formerly for many years a special agent in Arkansas for Loyalty group, and one other agent to be announced.

All committees will meet Sunday afternoon, with a special meeting of the executive committee that evening.

A dinner-dance Monday evening will close the gathering.

Pickup Truck "Pleasure Car"

NASHVILLE—Judge Hickerson of Tennessee court of appeals has held Aetna Life liable for \$3,750 in an accident in which Thursa O. Thacker was killed while riding in a pickup truck. The policy stipulated that insurance would be paid if the insured lost her life while riding in a "private passenger automobile of the pleasure car type." The court held that the pickup truck involved in the accident "was used for pleasure and business" and was being used for pleasure when the insured was killed.

Fla. Agency Anniversary

Oliver Joe Bailey Co. of Orlando Fla., has gotten out a folder in connection with its 30th anniversary, stating in that period \$1 million of claims have been paid under contracts issued by the agency. The claim is made that Mr. Bailey was the first agent in Florida to write full coverage automobile insurance in one company and one policy and that he pioneered the annual renewal plan for fire insurance 14 years ago. Mr. Bailey is president, C. V. Carlson, vice-president, Mrs. Evelyn Swindell, secretary. The companies represented are Assurance of America, Buffalo, General of Seattle, Ohio Ins. Co., Trinity Universal, Employers of Alabama, General Casualty of Seattle, New York Casualty, Ohio Casualty and Pacific Employers.

The agency just executed a performance bond for J. Hilbert Sapp, Inc. of West Palm Beach to the housing authority for the city of Orlando covering construction of a 209-unit Lake Manatee homes low rent housing project to be constructed at Orlando, the contract price being \$1,696,990. Ohio Casualty is the originating company.

Named by Southwestern F. & C.

Southwestern Fire & Casualty has appointed Charles R. Holland as general agent for Arkansas. Mr. Holland has been manager of the Parker & Co. general agency at Little Rock for five years and previous to that was special agent for Aetna Fire.

Ted Russell needed a new attention-getter

if he was to sell a certain Glendale businessman. For two years, all his approaches had failed. Several times he had tried to make a complete insurance analysis, but apparently nothing could penetrate the prospect's confidence in his existing policies. Then Plandex was made available to Aetna Agents.



Plandex quickly proved just the tool

to catch and hold the prospect's attention. As so often happens, it revealed, too, that existing coverages were poorly arranged. A co-insurance clause had been improperly applied. Liability limits were inconsistent. As a result, Mr. Russell has been given orders for insurance with premiums of over \$1,300, and has been promised other policies on expiration.

"Where other methods fail

Plandex gets and holds attention"

— says TED RUSSELL, Aetna-izer,
Glendale, California

"Although Plandex serves many purposes, I think the outstanding feature is its ability to gain and hold a customer's attention.

"Whenever any member of our agency calls on a worth-while prospect for personal insurance, we take with us a completed Plandex to aid in our presentation. Seldom does it fail to get the required attention. And — unlike other attention-getting devices — Plandex retains interest throughout the interview. As we show the prospect how to use the visible record, insurance analysis, policy container, etc., he invariably becomes enthusiastic.

"We can trace a substantial volume of business directly to the use of Plandex. Even more important, it has produced a number of thoroughly satisfied customers who rely on us for *all* their insurance needs. For any agents who want an effective selling tool, we enthusiastically recommend Plandex."



ÆTNA CASUALTY AND SURETY COMPANY

The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection

LIFE AND CASUALTY

Ætina Life Insurance Company
Ætina Casualty and Surety Company

Hartford 15



FIRE AND MARINE

Automobile Insurance Company
Standard Fire Insurance Company

Connecticut

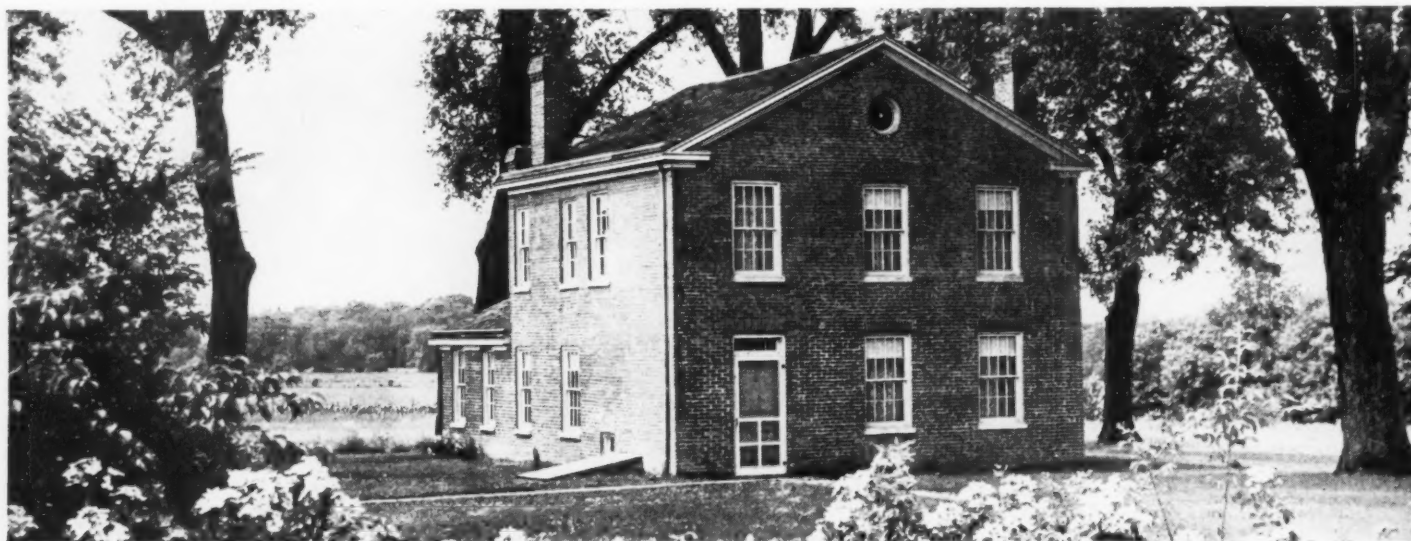
THE Territory of Iowa, created by Congress in 1838, was three times the size of the state today, a vast sparsely settled frontier extending to the Canadian border on the north and embracing parts of the present states of Minnesota and the Dakotas. Robert Lucas, its first governor, saw the region for the first time when he arrived in Burlington by river steamboat from Ohio but he was no stranger to frontier life.

Born in 1781 in Shepherdstown, Virginia—now West Virginia—at the age of twenty Robert Lucas moved with his parents to the Northwest Territory where he began his career as a surveyor. After many years in various local and state offices he was twice elected governor of Ohio. He also acquired

Famous American Homes

Plum Grove

*Home of the First
Territorial Governor of Iowa*

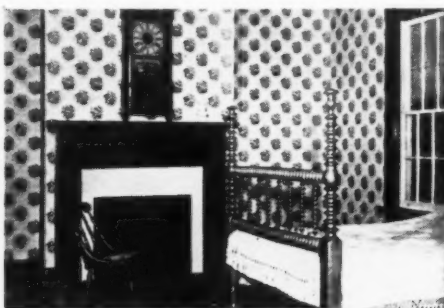


extensive military experience, serving in the War of 1812 and becoming major general in the militia and colonel in the U. S. Army.

Four years after the death of his first wife Lucas was returning on horseback from a session of the Ohio legislature when he spied a young woman approaching with a milk pail in either hand and jokingly remarked to his traveling companion that he would marry her if she leaped the fence which blocked her path. Instead of opening or letting down the bars, the young woman bounded over. That evening in the farmhouse where Lucas and his friend sought shelter they met the daughter of the household, Friendly Ashley Sumner, the young lady who had nimbly leaped the fence, and

who indeed later became his second wife.

Robert Lucas had a stormy term as governor of the Territory of Iowa for, besides the difficulties of administering a far from



Mantels above the seven fireplaces are black walnut

law-abiding region where gambling and intemperance were rampant, he was subjected to considerable sniping from political opponents. Nevertheless, he was a firm, upright administrator whose vigorous policies did much to establish order in the youthful territory. His most notable achievement was settling a boundary dispute with Missouri in Iowa's favor.

In 1844 Robert and Friendly

Lucas built a home on the outskirts of Iowa City which they named Plum Grove where he spent the rest of his life. Though retired from politics, he devoted his talents to furthering the temperance movement, developing the public school system and promoting railroads.

Appropriately, Plum Grove is now maintained as a state monument. In recent years it has been restored to its original condition by a number of interested Iowa citizens and through the efforts of the Society of Colonial Dames it has been furnished with articles of the proper period including some that graced the house in the time of Lucas.

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